# FRANCHISE DISCLOSURE DOCUMENT

Snapology, LLC,
a Pennsylvania limited liability company
2350 Airport Freeway, Suite 505
Bedford, Texas 76022
817.241.5831
letstalk@snapology.com
www.snapology.com
www.snapologyfranchising.com

You will operate a business that provides curriculum-based courses, events and hands-on learning experiences using LEGO® brand bricks, K'Nex® brand toys, their substitutes and other building toys, robotics, animation, coding and engineering techniques, services, and products under the SNAPOLOGY name and trademarks.

The total investment necessary to begin operation of one Snapology franchise ranges from $74,950 to $105,600. This includes $62,000 to $75,000 that must be paid to the franchisor or its affiliate. The total investment necessary under the development agreement for two to three Snapology franchises ranges from $115,950 to $183,600. This includes $120,000 to $178,000 that must be paid to the franchisor or its affiliate.

This disclosure document summarizes certain provisions of your franchise agreement and other information in plain English. Read this disclosure document and all accompanying agreements carefully. You must receive this disclosure document at least 14 calendar days before you sign a binding agreement with, or make any payment to, the franchisor or an affiliate in connection with the proposed franchise sale. **Note, however, that no government 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 forms, contact Joshua Wall, Chief Operating Officer, Unleashed Services, LLC, 2350 Airport Freeway, Suite 505, Bedford, Texas 76022, 817.241.5831 or by email at franchising@unleashedbrands.com.

The terms of your contract will govern your franchise relationship. Do not 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 for additional information. Call your state agency or visit your public library for other sources of information on franchising.

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

Issuance Date: April 30, 2026.

**How to Use This Franchise Disclosure Document**

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

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

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

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

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

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

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

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

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

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

## Some States Require Registration

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

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

## Special Risks to Consider About *This* Franchise

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

1. **Out-of-State Dispute Resolution.** The franchise agreement and development agreement require you to resolve disputes with the franchisor by arbitration or litigation only in Texas. Out-of-state arbitration or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to arbitrate or litigate with the franchisor in Texas than in your own state.

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

3. **Minimum Payments**. You must make minimum royalty and other payments, regardless of your sales levels. Your inability to make the payments may result in termination of your franchise and loss of your investment.

4. Over the past three years, Unleashed Brands, the parent of the franchisor, acquired multiple franchise systems. After those acquisitions, some of the acquired franchisors made changes to some of the franchise business operations. Multiple franchisees questioned those changes and commenced legal proceedings against the franchisor. The franchisor prevailed in all of the proceedings. You should perform your own research about Unleashed Brands and its relationships with its franchisees. Be sure to review the litigation disclosure (Item 3) in the FDD and do an Internet search of the franchisor and its parents. In addition, before buying this franchise, you should contact existing and terminated franchisees to discuss their experience with the franchisor. Contact information for the franchisees is provided in an exhibit to the FDD.

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:**

(a) A prohibition on the right of a franchisee to join an association of franchisees.

(b) A requirement that a franchisee assent to a release, assignment, novation, waiver, or estoppel which deprives a franchisee of rights and protections provided in this act. This shall not preclude a franchisee, after entering into a franchise agreement, from settling any and all claims.

(c) A provision that permits a franchisor to terminate a franchise prior to the expiration of its term except for good cause. Good cause shall include the failure of the franchisee to comply with any lawful provision of the franchise agreement and to cure such failure after being given written notice thereof and a reasonable opportunity, which in no event need be more than 30 days, to cure such failure.

(d) A provision that permits a franchisor to refuse to renew a franchise without fairly compensating the franchisee by repurchase or other means for the fair market value at the time of expiration of the franchisee's inventory, supplies, equipment, fixtures, and furnishings. Personalized materials which have no value to the franchisor and inventory, supplies, equipment, fixtures, and furnishings not reasonably required in the conduct of the franchise business are not subject to compensation. This subsection applies only if: (i) The term of the franchise is less than 5 years and (ii) the franchisee is prohibited by the franchise or other agreement from continuing to conduct substantially the same business under another trademark, service mark, trade name, logotype, advertising, or other commercial symbol in the same area subsequent to the expiration of the franchise or the franchisee does not receive at least 6 months advance notice of franchisor's intent not to renew the franchise.

(e) A provision that permits the franchisor to refuse to renew a franchise on terms generally available to other franchisees of the same class or type under similar circumstances. This section does not require a renewal provision.

(f) A provision requiring that arbitration or litigation be conducted outside this state. This shall not preclude the franchisee from entering into an agreement, at the time of arbitration, to conduct arbitration at a location outside this state.

(g) A provision which permits a franchisor to refuse to permit a transfer of ownership of a franchise, except for good cause. This subdivision does not prevent a franchisor from exercising a right of first refusal to purchase the franchise. Good cause shall include, but is not limited to:

(i) The failure of the proposed transferee to meet the franchisor's then current reasonable qualifications or standards.

(ii) The fact that the proposed transferee is a competitor of the franchisor or subfranchisor.

(iii) The unwillingness of the proposed transferee to agree in writing to comply with all lawful obligations.

(iv) The failure of the franchisee or proposed transferee to pay any sums owing to the franchisor or to cure any default in the franchise agreement existing at the time of the proposed transfer.

(h) A provision that requires the franchisee to resell to the franchisor items that are not uniquely identified with the franchisor. This subdivision does not prohibit a provision that grants to a franchisor a right of first refusal to purchase the assets of a franchise on the same terms and conditions as a bona fide third party willing and able to purchase those assets, nor does this subdivision prohibit a provision that grants the franchisor the right to acquire the assets of a franchise for the market or appraised value of such assets if the franchisee has breached the lawful provisions of the franchise agreement and has failed to cure the breach in the manner provided in subdivision (c).

(i) A provision which permits the franchisor to directly or indirectly convey, assign, or otherwise transfer its obligations to fulfill contractual obligations to the franchisee unless provision has been made for providing the required contractual services.

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

Any questions regarding this notice should be directed to: Michigan Department of Attorney General, Corporate Oversight Division – Franchise Section, 525 W. Ottawa Street, G. Mennen Williams Building, 5th Floor, Lansing, Michigan 48913, 517-335-7622.

**SNAPOLOGY®**
**FRANCHISE DISCLOSURE DOCUMENT**

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**EXHIBITS**

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

Snapology, LLC, the franchisor of the Snapology franchise system, is referred to in this disclosure document ("Disclosure Document") as "Franchisor," "we," "us," or "our" as the context requires. A franchisee is referred to in this Disclosure Document as "Franchisee," "you," and "your" as the context requires. If the Franchisee is a business entity, the term "Owners" means the person(s) identified in the franchise agreement as owners of the Franchisee and all other persons whom we may subsequently approve to acquire an interest in the franchise. Owners holding more than a ten percent equity interest will have certain personal obligations as described in this disclosure document. If any Owner is a business entity, then the term "Owner" also includes the owners of that business entity

**THE FRANCHISOR AND ITS PARENTS, PREDECESSORS, AND AFFILIATES**

We are a Pennsylvania limited liability company established on March 10, 2015, and our principal business address is 2350 Airport Freeway, Suite 505, Bedford, Texas 76022. We conduct business under our corporate name, Snapology, LLC, and under "SNAPOLOGY." Our registered agents for service of process are disclosed in Exhibit B of this Disclosure Document.

We began offering SNAPOLOGY franchises in 2015. We have not conducted business in any other line of business and we have not offered or sold franchises in any other line of business. We also have certain license agreements granting third party licensees the right to develop and operate Snapology Businesses, which we no longer offer since 2015. We disclose and identify Snapology licensees as franchised outlets in Item 20 of this Disclosure Document. The licensees that previously entered into license agreements have different obligations, responsibilities and rights from those obligations, responsibilities and rights that will exist under the franchise agreement that is the subject of this Disclosure Document.

Except as previously discussed, we do not conduct a business of the type to be operated by you as a Snapology franchisee. We have no predecessor. Our affiliates, as disclosed below, conduct a Snapology business and conduct business in other lines of business that also include the offer and sale of franchises.

Our affiliate Snapology IP, LLC is a Pennsylvania limited liability company established on March 10, 2015. This affiliate has granted a license to us to use the Proprietary Marks (defined below) and the System (defined below) in connection with the license, operation, and grant of SNAPOLOGY franchises and the www.Snapology.com website. Our affiliate Snapology International, LLC is a Pennsylvania limited liability company established on May 23, 2017. This affiliate has been granted a license by our affiliate Snapology IP, LLC where this affiliate offers and sells franchises and licenses for third parties to use the Proprietary Marks and System internationally outside of the United States. These affiliates share our principal business address.

You will not directly conduct business with Snapology IP, LLC or Snapology International, LLC, and these affiliates have not in the past and do not now offer franchises in any lines of business.

On July 14, 2021, through the acquisition of our membership interest, we became a wholly owned subsidiary of Unleashed Brands, LLC ("Unleashed Brands"). Unleashed Brands' parent company is Leviathan Intermediate Holdco, LLC, which is owned by UA Holdings, LLC ("UA Holdings"), which is our ultimate parent company. Unleashed Brands Foundation, the charitable affiliate of Unleashed Brands, is a Texas based nonprofit corporation which conducts certain charitable activities. Unleashed Brands, Leviathan Intermediate Holdco, LLC, Unleashed Brands Foundation, and UA Holdings share our principal business address. UA Holdings guarantees our performance of obligations under the Franchise Agreement and Development Agreement. You will not directly conduct business with these affiliates, who share our principal business address.

We have affiliates that offer franchises in other lines of business but have never operated a Snapology Business. All of the affiliates listed below have the same business address as us:

- UATP Management, LLC ("UATP") offers URBAN AIR ADVENTURE PARK franchises, which are venues for recreational activities, birthday parties, and other group events featuring the Adventure Park Attraction package. UATP began offering franchises in May 2013 and had 202 franchises as of December 31, 2025. UATP Canada Franchising, Ltd., a British Columbia corporation, offers these franchises in Canada.
- TLGI, LLC ("TLGI") offers THE LITTLE GYM franchises which provide physical fitness, recreational gymnastics, motor skills development, and other programs for children under The Little Gym name and trademarks. TLGI began offering franchises in September 1992 and had 255 franchises as of December 31, 2025.
- Premier Franchising Group, LLC ("PMA") offers PREMIER MARTIAL ARTS franchises, which are martial arts studios for self-defense and character development. PMA began offering franchises in April 2018 and had 127 franchises as of December 31, 2025. Our affiliate PMA IP, LLC is the owner of certain trademarks and intellectual property associated with the PREMIER MARTIAL ARTS franchises.
- Class 101 Franchise, LLC ("Class 101") offers CLASS 101 franchises, which provide advice, guidance and training to high school students and their parents in preparing for, selecting, applying to, and paying for college. On April 11, 2022, Class 101 acquired the assets of Class 101, Inc., which began offering franchising in June 2007 and had 85 franchises as of December 31, 2025. Our affiliate Class 101 Franchise IP, LLC is the owner of certain trademarks and intellectual property associated with CLASS 101 franchises.
- Sylvan Learning, LLC ("Sylvan") offers learning center franchises with a system designed for specialized assessment and teaching of individualized educational programs for children in the principal areas of reading, mathematics, writing, and test preparation, and portable SylvanSync and Sylvan-branded learning environment individualized for children, using proprietary SylvanSync computer systems, under the trademarks SYLVAN, SYLVAN LEARNING, and SYLVANSYNC. Sylvan's predecessors began offering variations of the Sylvan franchises since 1979, and Sylvan had 433 franchises as of December 31, 2025.
- WW Franchise, LLC ("Water Wings") offers WATER WINGS SWIM SCHOOL franchises which operate year-round indoor swim school that offers swim lessons, hosts athletic events and competitions, and other swimming related programs for children and adults. Water Wings began offering franchises in April 2025 and had no franchisees as of December 31, 2025.
- Unleashed Services, LLC ("Unleashed Services") is a Delaware limited liability company established on June 21, 2021. Unleashed Services offers executive management services to us and the Snapology franchise system, UATP, TLGI, PMA, Class 101, Sylvan, and Water Wings but it does not offer franchises in any line of business.
- Unleashed Tech, LLC ("Unleashed Tech") is a Delaware limited liability company established on February 24, 2025. Unleashed Tech provides certain point-of-sale and other technology services to us, UATP, TLGI, PMA, Class 101, Sylvan, and Water Wings but does not offer franchises in any line of business.
- Unleashed GC, LLC ("Unleashed GC") is a Florida limited liability company established on September 10, 2025. Unleashed GC currently administers gift card sales to UATP and the Urban Air Adventure Park franchise system and anticipates it will administer gift card sales to us and the Snapology franchised system, Sylvan, TLGI, PMA, Class 101, and Water Wings but does not offer franchises in any line of business.

You will not conduct business directly with UATP, TLGI, PMA, Class 101, Sylvan, or Water Wings (each an "Affiliated Brand"), unless you decide to co-brand with an Affiliated Brand. If you decide to co-brand the premises of your Snapology franchise with an Affiliated Brand, you will be offered a separate franchise disclosure document of your desired Affiliated Brand and will be required to sign a separate franchise agreement for that Affiliated Brand. Other than the above, we do not have any affiliates which offer or sell goods or services to our franchisees, and no other parent, predecessor, and affiliates offer franchises in this or any other lines of business.

## THE FRANCHISED BUSINESS

We franchise a system (the "System") for the operation of a Snapology business ("Snapology Business") that provides curriculum based programs, events, and workshops (the "Services") for children and adults using LEGO® brand bricks, K'Nex® brand toys, their substitutes and other building toys, robotics, animation, coding and engineering techniques using our proprietary curriculum, course guides, program materials and such other programs, materials, equipment and products that we may designate (the "Curriculum").

When you purchase a Snapology, you will enter into a franchise agreement in the form attached to this Disclosure Document as Exhibit E (the "Franchise Agreement") to develop and operate your Snapology Business within a designated Protected Area and in conformity with the requirements of our System (the "Franchised Business"). You will operate a Snapology franchised business that offers and provides Services on a mobile basis at third-party sites ("Third Party Sites"), such as schools, community centers, and commercial locations, that are authorized by us and that are located within the franchisee's designated Protected Area. If permitted by law, a Snapology may be administratively managed from a franchisee's home (an "Office") provided that no Services are offered or provided from such home Office. While you are not required to, and only if we approve, you may also operate your Snapology Business at temporary retail locations.

The System is identified by the Snapology registered trademarks and such other tradenames, trademarks, service-marks, logotypes, and all other commercial symbols and named that we may designate, modify and adopt from time to time for use in the System (collectively referred to as the "Proprietary Marks"). The System features the prominent display of our Proprietary Marks and trade dress in the establishment and operation of the Franchised Business, and includes distinctive interior and exterior design, décor, color scheme, graphics, fixtures, and furnishings. We may, from time to time, modify, add to and/or discontinue authorized Services and/or the Curriculum. You are required to purchase the Curriculum through us, our affiliates or our designated approved suppliers.

## DEVELOPMENT PROGRAM

Also, we may offer to enter into a development agreement (the "Development Agreement", attached as Exhibit I to this Disclosure Document) with qualified legal entities (a "Developer"), which grants the right to establish and operate up to three Snapology Businesses in a specified area (the "Development Area") at specific locations that must be approved by us, each under a separate then-current franchise agreement. If we offer you a Development Agreement, you will be required to open at least two Snapology Businesses and may be permitted to develop up to three Snapology Businesses. You must open each Snapology Businesses in accordance with an agreed upon opening schedule (the "Development Schedule") included as Attachment B to the Development Agreement. You will execute your first Franchise Agreement, in the form attached as Exhibit E to this Disclosure Document, when you execute the Development Agreement for your first location. When you are ready to open your second and third Franchised Businesses, you will be disclosed with the then-current franchise disclosure document and execute the then-current franchise agreement for each additional Franchised Business. The then-current franchise agreement may differ materially from the Franchise Agreement attached to this Disclosure Document.

### MARKET AND COMPETITION

The general market for the services and products offered by a Snapology Business typically includes preschool and school-aged children from ages two to fourteen and, generally, are not seasonal in nature except for summer programs and events associated with the school year. The market for the services and products offered by a Snapology Business is extremely competitive and you will be competing with franchised and independently owned businesses and schools that offer a wide variety of children's enrichment and entertainment-based programs, events and camps.

### INDUSTRY SPECIFIC LAWS

No laws or regulations apply specifically to the industry in which Snapology Businesses operate. However, there might be local requirements relating to your ability to offer after-school programs and to market and promote the Franchised Business to local schools within your territory. You must comply with these requirements and with laws applying generally to all businesses.

## ITEM 2
## BUSINESS EXPERIENCE

### SNAPOLOGY

Ani Mehta – Brand President: Ani has served as our Brand President since January 2026 in Bedford, Texas. He is also serving as the Brand President of Class 101 since January 2026 in Bedford, Texas. Previously, he served as the Vice President of Strategy and Innovation at Sky Zone from January 2025 to December 2025 in Dallas, Texas. From April 2023 to January 2025, Ani served as the Chief Executive Officer and Board Member of Liquor Lab in Dallas, Texas. From May 2022 to June 2023, Ani served as the Co-Founder and Chief Executive Officer of Fathom Technologies Inc. in Dallas, Texas. From June 2021 to May 2022, Ani was the Director at Vista Equity Partners in Dallas, Texas. From June 2020 to April 2021, Ani served as a Seed Investor and Senior Advisor, Strategy and Operations at Dr. Katz, Inc. in Oakland, California.

### UNLEASHED SERVICES

Michael Browning, Jr. – Chief Executive Officer: Michael Browning, Jr. has been the Chief Executive Officer of both Unleashed Brands and Unleashed Services since July 2021 in Bedford, Texas. He is one of co-founders of UATP and has served as UATP's Chief Executive Officer from its inception in May 2013 to June 2021 in Bedford, Texas. Michael also served as the Chief Executive Officer of UA Attractions, LLC from May 2018 to October 2021 in Bedford, Texas.

Stephen Polozola – Chief Legal Officer: Stephen Polozola has served as Chief Legal Officer since July 2021 in Bedford, Texas. Stephen is one of the co-founders of UATP and has served as the Executive Vice President and General Counsel of UATP since its inception in May 2013 to June 2021 in Bedford, Texas. He has served as Chief Legal Officer of UATP IP, LLC since October 2013 in Bedford, Texas.

Joshua Wall, CFE – Chief Operating Officer: Josh Wall has served as the Chief Operating Officer since January 1, 2025, and previously served as the Chief Growth Officer of Unleashed Services since July 2021 in Bedford, Texas. From June 2019 to June 2021, Josh Wall served as UATP's Executive Vice President and Chief Franchise Officer in Bedford, Texas.

Mark McAndrew – General Counsel: Mark McAndrew has served as the General Counsel since January 1, 2025, and previously served as Deputy General Counsel of Unleashed Services from January 2024 to December 2024 in Bedford, Texas. Previously, at McDonald's in Chicago, Illinois, he served in several positions from July 2013 to January 2024, the latest being Senior Counsel - Business Counsel/ Franchising.

Jon Shell – Chief Financial Officer: Jon Shell has served as the Chief Financial Officer at Unleashed Services since December 2, 2024 in Bedford, Texas. From September 2023 to July 2024, he was the Interim Chief Executive Officer and President for Neighborly in Waco, Texas. He also served as Chief Financial

Officer at Neighborly, and its subsidiaries and affiliates, from August 2015 to September 2023, and resumed that role from July 2024 to November 2024 in Waco, Texas.

Diane Sanford, SHRM-SCP – Chief People Officer: Diane Sanford has served as the Chief People Officer at Unleashed Services since March 2023 in Bedford, Texas. Previously, she was the Chief People Officer at Local Favorite Restaurants in Dallas, Texas from May 2022 to March 2023. Before this role, she served as the Chief People Officer at On the Border Mexican Grill & Cantina from December 2014 to April 2022 in Irving, Texas.

Ryan Slemons – Chief Development Officer: Ryan Slemons has served as the Chief Development Officer of Unleashed Services since April 2023 in Bedford, Texas. From July 2021 to April 2023, he served as Vice President, Global Real Estate and Development at Game Stop in Dallas, Texas. Previously, from September 2014 to July 2021, he held various positions with Amazon, most recently serving as Head of Real Estate – Amazon Go, Amazon Style, and New Concepts in Dallas, Texas.

Patrick O'Toole – Chief Marketing Officer: Patrick O'Toole has served as the Chief Marketing Officer of Unleashed Services since February 2025 in Bedford, Texas. From January 2023 to December 2024, he served as the Chief Marketing Officer at Burger King, US & Canada, in Miami Florida. From March 2023 to December 2024, he served as a Board Member at the Burger King Foundation in Miami, Florida. Before this position, Pat served in several roles at PepsiCo in Purchase, New York over 14 years, including Chief Marketing Officer of Mountain Dew from March 2022 to January 2023, Vice President of Marketing – Mountain Dew and Flavors from July 2021 to March 2022, and Vice President Global Brand Marketing and Beverage Innovation from October 2019 to July 2021.

Kal Savoie – Vice President of Franchise Recruitment: Kal Savoie has served as the Vice President of Franchise Recruitment since January 2025, and previously served as Director of Franchise Recruitment from March 2022 to December 2024 at Unleashed Services in Bedford, Texas. Previously, he served as the Sales Director from January 2021 to March 2022 and Used Car Director and Corporate Trainer from August 2015 to January 2021 at Fabre Automotive Group in Baton Rouge, Louisiana.

Timm Sasser – Vice President of Franchise Recruitment: Timm Sasser has been the Vice President of Franchise Recruitment at Unleashed Brands since April 2025 in Bedford, Texas. Previously, from February 2024 to April 2025, Timm served as Principal Owner of Generate Consulting in Fort Worth, TX. From October 2019 to February 2024, he held several positions with Mission to the World, most recently serving as Director of Development from January 2021 to February 2024 in Fort Worth, Texas.

## ITEM 3
## LITIGATION

**Snapology**

Pending:

None.

Concluded:

*In the Matter of Snapology Community Programs, L.P. and its successor Snapology, LLC, Administrative Proceeding Before the Securities Commissioner of Maryland, Case No. 2015-0429*. As a result of an investigation into the franchise related activities of Snapology Community Programs, L.P. and its successor Snapology, LLC, the Maryland Securities Commissioner ("Commissioner") concluded that grounds existed to allege that Snapology violated the registration and disclosure provisions of the Maryland Franchise Law in relation to the offer and sale of a Snapology franchise. In responding to inquiries from the Maryland Securities Division, Snapology acknowledged that, during the time it was not registered to offer and sell franchises in Maryland, it entered into two separate License and Training Service Agreements in Maryland that the Commissioner concluded constituted the sale of two franchises. Snapology represented that it had offered rescission to one of those franchisees. On January 15, 2016, the Commissioner and Snapology entered into a consent order whereby Snapology, without admitting or denying any violations of the law, agreed to: immediately and permanently cease from the offer and sale of franchises in violation of the Maryland franchise law; complete registration of its franchise offering in Maryland; and offer rescission to the remaining franchisee who was sold a franchise in Maryland while Snapology was not registered with the State.

**Urban Air Adventure Parks**

Concluded:

*UATP Management, LLC v. Leap of Faith Adventures, LLC (District Court of Tarrant County, Texas, Case No. 017-300796-18).* On July 9, 2018, UATP filed this lawsuit ("Petition") against the defendant Leap of Faith Adventures, LLC ("LOFA") that, at the time of filing, was a distributor and installer of attractions used in Urban Air Adventure Parks. UATP claimed that LOFA had stopped paying UATP rebates on revenue LOFA received from selling attractions to UATP franchisees, alleging breach of contract, tortious interference, fraud, and fraudulent inducement. UATP sought compensatory damages in excess of six million five hundred thousand dollars on its various claims, attorneys' fees, and costs. LOFA answered UATP's Petition on August 13, 2018 and filed a counterclaim on October 31, 2018. LOFA alleged, among other things, conversion, breach of contract, interference with business relationships, violation of the Texas Theft Liability Act, and theft of trade secrets arising primarily from UATP's alleged interference with LOFA's contracts with UATP franchisees and relationships with other entities, all for the supposed purpose of bringing in house, to the exclusion of LOFA, the installation of attractions at Urban Air Adventure Parks. LOFA sought unspecified compensatory and exemplary damages, equitable relief, and attorneys' fees. On March 29, 2019, the Court granted UATP's motion to dismiss certain of LOFA's counterclaims, in particular the trade secrets claim. After UATP appealed the Court's order, the Court of Appeals on May 4, 2021, dismissed additional claims asserted by LOFA, leaving only claims for, among other things, interference with contracts and business relationships with UATP franchisees, conversion, breach of contract, and violation of the Texas Theft Liability Act. Before the Appellate Court's ruling, LOFA filed its own new petition on September 10, 2020, against certain of UATP's affiliates and principals, including Michael Browning, Jr. and Stephen Polozola, which was consolidated with the lawsuit described in this paragraph. In an effort to resolve the matter and bring it to a final conclusion, the case was dismissed with prejudice on September 2, 2022 following the execution of a confidential settlement agreement, wherein UATP and LOFA released all claims against each other without admission of any liability in exchange for a one-time payment of five million dollars to LOFA.

**Class 101**

Concluded:

*Unleashed Services, LLC vs. Tom Pabin vs. Josh Wall, 48th Judicial District of Tarrant County, Texas, bearing Cause No. 48-346174-23*. On September 18, 2023, Unleashed Services, LLC ("Unleashed") filed a petition against Thomas Pabin ("Pabin") requesting Declaratory Judgment as to certain issues under Mr. Pabin's employment agreement. On February 22, 2024, Pabin filed an Amended Counterclaim against Unleashed and Third-Party Petition against Josh Wall alleging (1) breach of contract; (2) fraud; (3) indemnification; and (4) declaratory judgment regarding his employment agreement. Unleashed and Josh Wall filed a Motion to Dismiss Pabin's claims, which was granted on April 12, 2024 as to Pabin's claims for breach of contract, promissory estoppel, and indemnification. On June 27, 2024, Pabin and Counter-Plaintiff Class 101, Inc. and Pabin Enterprises filed their amended Counterclaims and Third-Party Petition against Unleashed and Josh Wall alleging (1) breach of contract, (2) tortious interference with contract, (3) fraud, (4) indemnification, and (5) declaratory judgment. The suit was resolved on October 29, 2024 with Unleashed Brands, LLC buying back Mr. Pabin's remaining ownership interests in Class 101 for two hundred and seventy-five thousand dollars. No payment was made by Unleashed Brands, LLC or any other person or entity on the underlying claims in the lawsuit, all of which have been dismissed with prejudice.

**Premier Martial Arts**

Concluded:

*The Commissioner of Financial Protection and Innovation v. Premier Franchising Group, LLC doing business as Premier Martial Arts International ("PMAI") and/or Premier Martial Arts ("PMA")*. On November 18, 2021, PMA entered into a consent order with the California Commissioner of Financial Protection and Innovation related to four licensees of PMAI. The Commissioner found that PMAI offered and sold at least four franchises in California without being registered with the Commissioner or exempt, in violation of Section 31110 of the California Franchise Investment Law. The Commissioner further found that PMA and PMAI willfully omitted to state in subsequent franchise registration applications the material fact that PMAI had at least four California studios in violation of Section 31200 of the California Franchise Investment Law. Pursuant to the consent order, PMA agreed to (1) refrain from violating Sections 31110 and 31200, (2) pay a $10,000 administrative penalty, (3) file a post-effective amendment updating PMA's then-current registration to include the consent order, and (4) disclose the existence of each and every California studio in Item 20 and in the exhibit list of current and former franchisees in any PMA disclosure document filed with the Commissioner moving forward.

Other than listed above, no litigation is required to be disclosed in this Item.

## ITEM 4
## BANKRUPTCY

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

## ITEM 5
## INITIAL FEES

**INITIAL FRANCHISE FEE**

When you sign a Franchise Agreement, you must pay us a non-refundable initial franchise fee of $40,000 (the "Initial Franchise Fee") for a single Snapology Business. The Initial Franchise Fee is fully earned by us upon payment. Except for the differences described below, the Initial Franchise Fee is uniform for all franchisees.

**INITIAL INVENTORY AND EQUIPMENT PACKAGE**

Prior to the opening of your Snapology Business, you will be required to pay us or our affiliate between $12,000 and $20,000 for your initial inventory and equipment package required to open your Snapology Business. This fee is fully earned by us upon payment and is non-refundable.

**GRAND OPENING EXPENDITURES**

In preparation for the grand opening of your Snapology Business, you must pay us or our affiliate a minimum of $10,000 and up to $15,000. We or our affiliate collect your grand opening fees and distribute to third-party designated service providers to conduct your grand opening. This grand opening advertising program ("Grand Opening Advertising") will be administered according to a schedule we determine on a case-by-case basis and may generally commence one month before your grand opening and last two to three months thereafter. This fee is fully earned by us upon payment and is non-refundable.

**DEVELOPMENT AGREEMENT**

If we award you multi-unit development rights, you must sign our Development Agreement and pay us a development fee (the "Development Fee") for development of multiple Snapology Businesses, pursuant to the below schedule:

| Number of Snapology Businesses | Development Fee for Each | Total Development Fee |
|---|---|---|
| 1 | $40,000 | $40,000 |
| 2 | $36,000 | $76,000 |
| 3 | $32,000 | $108,000 |

The minimum commitment is two Snapology Businesses, and the maximum commitment is three Snapology Businesses. The Development Fee that you must pay under the Development Agreement includes the initial franchise fee payable by you for the franchise agreements to be developed. The Development Fee will be due in a lump sum payment upon the signing of the Development Agreement. The Development Fee is fully earned and non-refundable. The Development Fee is uniform for all Developers, except for the discount below.

**INCENTIVES**

We offer a 5% reduction of the Initial Franchise Fee and the Development Fee for active-duty United States military and United States veterans that were honorably discharged. The Franchised Business must be operated under a business entity, and the active-duty personnel or veteran participant must maintain at least a 51% ownership interest in such entity throughout the initial term of the Franchise Agreement. A copy of either the active military ID or the form DD-214, evidencing the status of a participating veteran and discharge type, must be submitted with the Franchise Agreement to receive this discount. If the veteran who was the basis of the veteran's incentive is no longer an Owner for any reason, other than death or disability, at the fifth anniversary of the effective date of your franchise agreement, then you shall reimburse us for the veteran's incentive discount applied to your Initial Franchise Fee.

We offer a 5% reduction of the initial franchise fee to current franchisees of Snapology and Affiliated Brands in good standing when they purchase a Snapology franchise.

We reserve the right to cancel or modify any incentive program or discount at any time. In 2025, Snapology charged initial franchise fees ranging from $30,000 to $40,000. Except as described in this Item 5, all fees are uniformly imposed. All fees are fully earned when paid to us and our affiliates and are non-refundable upon payment.

## ITEM 6
## OTHER FEES

| Type of Fee[1] | Amount | Due Date | Remarks |
|---|---|---|---|
| Royalty Fee | 7% of Gross Sales[3] or the Minimum Royalty Fee[2], whichever is greater:<br><br>Months:<br>1-12: $600 per month<br>13-24: $700 per month<br>25-36: $800 per month<br>37-48: $900 per month<br>49- 60: $1,000 per month<br>61 – 120: $1,100 per month | Monthly on the 15th of month or the next business day. | This payment will be debited automatically from your business bank through ACH. |

| **Type of Fee[1]** | **Amount** | **Due Date** | **Remarks** |
|---|---|---|---|
| NAF Contribution[4] | Up to 5% of monthly Gross Sales or $100 per month, whichever is greater; currently 1% of monthly Gross Sales. | Monthly on the 15th of month | This payment will be debited automatically from your business bank through ACH. The total contribution between NAF Contribution, Local Marketing Expenditure, and Advertising Cooperative shall not exceed 6% of Gross Sales. |
| Local Marketing Expenditure[5] | Up to 6% of monthly Gross Sales; currently 5% of Gross Sales. | Monthly, as incurred | All marketing is subject to our authorization and approval. |
| Advertising Cooperative (if established)[5] | Not to exceed $10,000 per year absent the consent of at least 51% of franchisees in the Advertising Cooperative. | As incurred | Contributions to the Advertising Cooperative will be credited toward your Local Marketing Expenditure. We do not currently have any Advertising Cooperatives. |
| Technology Fee[6] | Up to $500 per month; currently $125 per month | Monthly on the 15th of month | This payment will be debited automatically from your business bank through ACH. This monthly fee is subject to increase but not more than one increase in any calendar year and not more than an increase of $25 per month in any calendar year. |
| Call Center Fee[7] | Currently, we do not require that you use our call center. | Monthly on the 15th of the month following performance or sale beginning on the established Opening Date. | If required, we will charge you the pro rata share of the cost of operating, administering and upgrading the call center, which includes certain fees that we collect and pay to our Designated Suppliers (as defined in Item 8) on your behalf. |
| Conference Fee[8] | Currently $950 to $1,350 per attendee, up to $1,500 per attendee, which is subject to adjustment upward in an amount equal to the annual increase in the Consumer Price Index for all urban consumers when measured on January 1 of each year. | Upon invoice | We require that you attend our annual conference. Your fee depends on whether you register by the early bird date ($950), by the registration date ($1,100) or by the late registration date ($1,350). If you cannot attend and we excuse your absence, you must send your Designated |

| Type of Fee[1] | Amount | Due Date | Remarks |
|---|---|---|---|
| | | | Manager or general manager in your place. If you or your representative do not attend, you must pay us a conference materials fee of $1,500 (or the maximum allowed in the franchise agreement) and we will provide you with relevant training materials from the Snapology annual conference. The conference fee is not inclusive of your hotel, travel, and wages costs for you, your Designated Manager, or other personnel to attend such conferences.<br>This payment will be debited automatically from your business bank through ACH. |
| Online Training | $500 annually | Annually | We collect this fee on behalf of the licensor of the online training software and pay such collected fees directly to the licensor. |
| Dashboard Access License Fee | Waived for the first license; $10 per month per license after the first license. | Monthly upon invoice | This fee is payable to us and may be increased by our designated supplier from time-to-time, which is a pass through fee and does not include any markup or rebate. |
| Initial Training for Additional Employees | Our then-current training fee, plus expenses. Our current fee is $500 per trainee per day (but not to exceed $1,000 per trainee per day). | On demand | Under our pre-opening initial training program, we will train you or your Designated Manager and up to one additional employee at no extra charge. If you request that we provide our initial training program to additional managers, either before or after the opening of the Franchised Business, you must pay our then current training fee. Initial training is conducted at facilities that we designate and you must pay for all other expenses of your trainees, |

| Type of Fee[1] | Amount | Due Date | Remarks |
|---|---|---|---|
| | | | including salary, travel and accommodations. |
| Supplemental On-Site Training | Our then current daily rate per trainer, plus expenses. There is a two-day minimum for assistance. Our current daily trainer rate is $500 per day (but not to exceed $1,000 per trainee per day). | On demand | Following the initial training program and the opening of the Franchised Business, if you request that we provide training or assistance on-site, you must pay our then current fee for each trainer. You must also reimburse us for our trainer(s) expenses including travel and accommodations. |
| Interest Charges | The lesser of 18% per annum or the maximum legal rate allowable by the state in which the Franchised Business is located. | On demand | Applies to past due payments of the Royalty Fee, NAF Contribution, and all other fees, charges, and payments due to us from you. Interest accrues as of the due date. |
| Review and Audit | Actual costs of such audit and Franchisor's expenses related to the audit if such audit shows a understatement of fees paid by more than 2%; currently, $1,500 to $3,500 per audit depending on the scope of the audit. | Upon invoice | Applies to past due payments of royalty fees, NAF contributions, advertising fund fees and all other fees, charges, interest and payments due to us from you. Interest begins to accrue on the date that any payment is due from you to us. |
| Transfer Fee | 1) 50% of our then-current initial franchise fee if Controlling interest is transferred to a new approved franchisee;<br><br>2) 25% of our then-current initial franchise fee if Controlling interest is transferred to an approved existing franchisee who has already undergone our initial training and any other required training and has at least one open and operating Snapology franchised business, plus reimbursement | Upon invoice | Payable before transfer of your Franchised Business if you request and we consent to transfer. For purposes of the Transfer Fee, a "Controlling interest" means more than 20% the outstanding shares, interest, or assets in the Franchised Business and "Non-Controlling interest" means 20% or less than the outstanding shares, interest, or assets in the Franchised Business. |

| Type of Fee[1] | Amount | Due Date | Remarks |
|---|---|---|---|
| | of our actual legal and professional expenses and our other costs incurred in connection with the transfer; or<br><br>3) $3,500 but only if the Non-Controlling interest is transferred to an approved Owner and limited to one time per rolling twelve-month period. Otherwise, such transfers are subject to the fee in #2 above. | | |
| Renewal Fee | 15% of our then-current initial franchise fee plus reimbursement of our legal and professional expenses and our other costs incurred in connection with the renewal | Upon signing renewal franchise agreement | If we approve renewal of your Franchise Agreement, at the time of renewal, you will be required to sign our then current Franchise Agreement and pay the renewal fee. |
| Resale Program Fee | Greater of 4% of the purchase price paid for your Franchised Business (in any form, including cash, credit, debt or stock) and the then-current initial franchise fee (currently, $40,000). | Prior to closing | Payable only if you elect to participate in our Resale Program in connection with the sale of your Franchised Business to an approved transferee of the Franchise Agreement. |
| Reservation Fee | $500 or $0 if partnering with an Affiliated Brand's franchisee | Upon invoice | Payable only if you elect to offer services outside of your Protected Area upon our approval and execution of an amendment to your Franchise Agreement ("TOP Amendment"), attached as Attachment I to the Franchise Agreement. |
| Supplemental Curriculum[9] | At rates determined by us from time to time (but not to exceed $2,500 per request). Fee depends on the nature of your request described in the "Remarks" column. We have not yet charged this fee to any franchisee. | Within 14 days of invoice | This fee would apply if you need to develop a custom curriculum for a potential customer to supplement the standard curriculum we make available to all franchisees. This fee covers our services to assist in developing that Supplemental Curriculum. |

| Type of Fee[1] | Amount | Due Date | Remarks |
|---|---|---|---|
| Gift Card and Loyalty Program Fees | Currently $0; amount of administrative fees once instituted (but not to exceed 7% of the amount of the gift card). | As incurred | You must participate in the gift card, loyalty, and other electronic incentive programs (the "Customer Card Programs") that we establish, using vendors that we designate, which may include us or our affiliates. We or our affiliates may charge, or collect on behalf of our vendors, an administrative cost for participating in these programs. If a gift card is redeemed in your School, we will reimburse the redeemed amount minus the up to 7% administrative fee retained by the vendor or affiliate. |
| Collection Costs and Attorney Fees | Amount incurred by us to collect unpaid royalty fees and other fees or sums due from you to us. | On demand | Includes fees and expenses incurred by us, including legal demands and litigation, related to your breach of the Franchise Agreement, including attorney fees, deposition expenses, expert witness fees, accounting fees and filing fees. |
| Non-compliance | Amount of fees, costs and/or expenses that we incur in connection with the nonperformance of your obligations under the Franchise Agreement. Includes attorney fees. | On demand | You must pay to us and reimburse us for all costs, fees and expenses that we incur as a result of or in connection with your breach of the Franchise Agreement. This includes legal, mediation, and arbitration fees, expenses and costs that we incur and legal fees that we incur with outside legal counsel and costs associated with services and work performed by our own in-house legal staff. |
| Supplier Testing Fee | Reimbursement of our costs incurred in product testing and evaluating suppliers | Upon invoice | Payable only if you request to purchase products from an alternative supplier or request to use an alternate product. |

| Type of Fee[1] | Amount | Due Date | Remarks |
|---|---|---|---|
| Liquidated Damages | The product of (i) the Royalty Fee multiplied by the franchisee’s Gross Sales during the entire previous twelve (12) full calendar months and (ii) the lesser of (a) three years or (b) the number of years remaining in the Initial Term. | On demand. | Payable only if you default and we terminate your Franchise Agreement. |

**DEVELOPMENT AGREEMENT**

| Type of Fee[1] | Amount | Due Date | Remarks |
|---|---|---|---|
| Transfer Fee (Controlling Interest) | $25,000 plus $1,500 for each Snapology Business yet to be developed | On demand | Payable only if you transfer your obligations under the Development Agreement to an approved third-party |
| Administrative Fee (Convenience of Operation or Non-Controlling Interest) | $3,500 but only if 20% or less of the total outstanding units or assets in the Franchised Business are being transferred to an approved Owner and limited to one time per rolling twelve-month period. Otherwise, such transfers are subject to the Transfer Fee governing Controlling Interest. | On demand | Payable only if you transfer your rights under this agreement to a business entity under your common control |
| Liquidated Damages | The lesser of i) $50,000 and ii) the Minimum Royalty Fee, multiplied by 36, multiplied by the number of units undeveloped under the Development Agreement. | Upon Demand | Payable only if you default and we terminate your Development Agreement. |
| Indemnification of us | Our cost | Upon invoice | You must indemnify us from certain losses and expenses under the Development Agreement. |

Notes:

Note 1: All fees are recurring unless noted, uniformly imposed, and non-refundable. You will be required to sign an ACH Authorization Form (Franchise Agreement, Attachment F) permitting us to electronically debit your designated bank account for payment of all fees payable to us or our affiliates other than the Initial Franchise Fee. You must deposit all Gross Sales from your Snapology Business into the bank accounts for which the ACH authorization was granted. You must pay all service charges and fees charged to you by your bank so that we may electronically debit your bank account.

Note 2: You must pay to us a continuing Royalty Fee. The continuing Royalty Fee is a monthly fee that is equal to the greater of either: (a) a sum equal to 7% of your monthly Gross Sales; or (b) the amount of your then applicable Minimum Royalty Fee (the "Minimum Royalty Fee"), determined in accordance with the following schedule:

| **Minimum Royalty Fee** | |
|---|---|
| Months 1-12 | $600 per month |
| Months 13-24 | $700 per month |
| Months 25-36 | $800 per month |
| Months 37-48 | $900 per month |
| Months 49-60 | $1,000 per month |
| Months 61-120 | $1,100 per month |
| Renewal Term: During any applicable renewal term, the Minimum Royalty Fee shall not be less than the Minimum Royalty Fee's applicable in month 61 and shall be subject to increase as determined by us provided that within each calendar year of any renewal term we shall not increase the Minimum Royalty Fee by more than $50 per month per Protected Area. | |

In measuring the applicable Minimum Royalty Fee, "Month 1" automatically commences at the earlier of 1) the first day of the month following completion of our initial training program, or 2) 120 days from the date that you sign the Franchise Agreement; and

If any federal, state, or local tax other than an income tax is imposed upon the Royalty Fees paid by you to us which we cannot directly and, dollar for dollar, offset against taxes required to be paid by us under applicable federal or state laws, you must compensate us in the manner prescribed by us so that the net amount of the Royalty Fees paid to us is not less than that the dollar amounts of the Royalty Fees under the Franchise Agreement.

Note 3: "Gross Sales" means the total revenue derived by each Snapology Business, less sales tax, discounts, allowances and returns.

Note 4: You must contribute to the NAF in an amount up to 5% of your monthly Gross Sales, subject to a minimum of $100 per month. The NAF Contribution of 1%, subject to a minimum of $100. The Local Marketing Expenditure combined with the NAF Contribution and any Advertising Cooperative contribution described below will not exceed 6% of Gross Sales (as allocated by us between the Local Marketing Expenditure, Advertising Cooperative contribution and the NAF Contribution) during any 12-month period. The NAF will contribute up to 15% of its monthly balance to a separate fund (the "Unleashed Fund") utilized for marketing all brands associated with Unleashed Services. See Item 11 for details on the Unleashed Fund.

Note 5: On a monthly and on-going basis you will be required to spend the Local Advertising Expenditure toward the marketing and promotion of your Snapology Business. Your local marketing efforts and expenditures must be targeted to a market comprised of your Protected Area and must conform to our standards and specifications. We may collect the Local Advertising Expenditure and spend it on your behalf utilizing our Designated Supplier. Currently, there is no established Snapology advertising cooperative ("Advertising Cooperative"). If we establish an Advertising Cooperative, we may require that you participate in an approved local or regional Advertising Cooperative with certain other franchisees and sign our then-current form of cooperative advertising agreement. If an Advertising Cooperative is established, it will operate by majority vote, with each Snapology Business (whether franchised or affiliate-owned or managed) entitled to one vote. We also will have the right to cast one vote with respect to each Advertising Cooperative. The majority vote will determine the level of contributions. The amounts you contribute will be credited against the Local Marketing Expenditure. We do not currently expect that company-owned or affiliate-owned Snapology Businesses will have majority voting power in any Advertising Cooperative, but if they do, the required contribution by any member of the Advertising Cooperative will not exceed $10,000 per year absent the consent of a majority (i.e., 51%) of the franchisees in the Advertising Cooperative.

Note 6: The Technology Fee includes use of Command Center, our proprietary business management system that must be used by you in the operations of your Snapology Business (hereinafter referred to as "Command Center"), and other technologies we implement in the future. Command Center is a cloud-based software system that includes customer relationship management, student enrollment via website integration, event calendars, staff management modules, email marketing and other functionality. Presently, the Technology Fee is $125 per month. We may increase the Technology Fee up to $500 per month upon notice to you.

Note 7: We operate a national call center for the benefit of the Snapology system that performs various functions, including general customer support and promotion, booking and upselling related to events held at Snapology Businesses (e.g., birthday parties, corporate events), but we currently do not require mobile Snapology franchisees to participate. If we require you to participate, we will apply a portion of the call center fee to pay directly approved suppliers of certain services provided to your Snapology Business, including the fee charged by the call center telephone provider, your license for Salesforce Community Cloud CRM (e.g. event lead generation and management, donation requests and routing customer service inquiries) or such other provider of event lead generation and management that we may select and your license for call center solutions or such other provider of customer service software that we may select. In addition, we reserve the right to obtain a commission for booking parties and events at your Snapology Business.

Note 8: We require that you attend our annual conference. If you cannot attend and we excuse your absence, you must send your Designated Manager in your place. In addition to the conference fee, you will be responsible for all conference-related costs and expenses, including compensation, travel, accommodations, wages, and meals for your attendees. If you or your representative do not attend, you must pay us a conference materials fee of $1,000 and we will provide you with relevant training materials from the Snapology annual conference.

Note 9: We are the exclusive supplier of the Curriculum. The products and services that your Snapology Business provides must be based on, utilize, and conform to our Curriculum as we designate and may modify from time to time. When you become a Snapology franchisee, at no additional charge, we will provide you with access to our core suite of lesson plans, curriculum, and program guides, which we may revise, add to, or otherwise determine at our sole discretion (the "Curriculum"). From time to time, we have and may develop supplemental curriculum (the "Supplemental Curriculum"), typically at the request of a particular customer, that we authorize for use as part of our Curriculum. If you need to help develop Supplemental Curriculum for a customer, you must obtain that Supplemental Curriculum exclusively from us or our designated affiliate. Supplemental Curriculum and fees for our Supplemental Curriculum shall be published and provided to you from time to time.

## ITEM 7
## ESTIMATED INITIAL INVESTMENT

### TABLE 1 - YOUR ESTIMATED INITIAL INVESTMENT – FRANCHISE AGREEMENT

| Type of Expenditure[1] | Low | High | Method of Payment | When Due | To Whom Payment is Made |
|---|---|---|---|---|---|
| Initial Franchise Fee | $40,000 | $40,000 | Lump sum | Upon signing Franchise Agreement | Us |
| Rent[2,3] | $0 | $1,000 | As incurred | As arranged | Third-Party Sites |
| Signage[4] | $500 | $1,000 | As billed | Within 1 month after training | Third party suppliers and vendors approved by Us |

| Type of Expenditure[1] | Low | High | Method of Payment | When Due | To Whom Payment is Made |
|---|---|---|---|---|---|
| Initial Inventory and Equipment Package[5] | $12,000 | $20,000 | As billed | Within 1 month after training | Us, and vendors approved by Us |
| Computer, Software and Point of Sales System[7] | $900 | $6,000 | As billed | Within 1 month after training | Third party suppliers and vendors approved by Us |
| Training Related Expenses[8] | $2,000 | $3,500 | As billed | Before opening | Third parties |
| Legal, Accounting, and Other Professional Fees[9] | $750 | $1,500 | As billed | Within 1 month after training | Third parties, including attorneys, accountants and architects |
| Insurance Deposit and first month's premium[10] | $300 | $600 | As billed | Within 1 month after training | Insurance companies |
| Business Licenses and Permits[11] | $500 | $1,000 | As billed | Before opening | Third parties |
| Grand Opening Advertising[12] | $10,000 | $15,000 | As billed | Within 1 month after training | Us or our affiliates |
| Initial Supplies[13] | $500 | $1,000 | As billed | Within 1 month after training | Third parties |
| Additional Funds – Initial period of 3 months[14] | $7,500 | $15,000 | As incurred | Before opening and initial three months after opening | Suppliers |
| **Total**[15, 16] | **$74,950** | **$105,600** | | | |

Notes:

Note 1: Payments are not refundable unless otherwise noted. These estimates do not include interest and financing charges that you may incur, and they do not include royalties, marketing, development and other continuing fees that you will be required to pay to us. The above estimates do not include any sales tax, use tax, gross receipts tax, excise tax, or other similar tax or freight and delivery charges. You will be responsible for payment of these amounts.

Note 2: You may operate the Snapology Business from your home Office provided that you only offer and provide the Services from temporary authorized Third-Party Sites that you license or lease on a non-exclusive and short-term basis. Examples of Third-Party Sites include, but are not limited to, schools, recreation centers, libraries, businesses, and community facilities. Third-Party Sites may require you to pay a portion of the Gross Sales collected from an event conducted on such sites, which can vary from $0 to $1,000 per month depending on the number of events you conduct at these Third-Party Sites. Your actual costs may vary depending on your ability to find low or no cost Third-Party Sites, the number of events you conduct at these sites, and your ability to negotiate lower rates.

Note 3: You will not incur expenses for construction, leasehold improvements, furniture, or fixtures if you do not establish a retail location and operate out of your home Office.

Note 4: This estimate is for portable displays and signs that will not be affixed to any structure.

Note 5: You must purchase an initial opening inventory of program supplies from us or an Affiliate before you open your Snapology Business. Based on the activity of your Snapology Business, you will be required to continuously restock, replenish, maintain and replace your supplies, equipment, and inventory. The costs listed here do not include any transportation or set up costs, which vary by location.

Note 7: You will be required to use a minimum of one computer in the day-to-day operations of your Snapology Business. This computer must meet our specifications and be able to access our Command Center, our cloud-based business management system, through a broadband internet connection. The cost of the equipment you purchase will vary depending on the amount and configuration of the equipment you buy and the supplier you choose.

Note 8: Prior to opening the Snapology Business you must complete our pre-opening training program. We do not charge a fee for our pre-opening initial training you or your Designated Manager and up to one additional manager; however, you will incur travel and lodging costs associated with attending our pre-opening training program. You are responsible for the travel, food, and lodging expenses that you and your participating managers will incur when you attend our training program and the salary and benefit costs of your attendees. Costs vary due to distances from your location to our training facility and the quality of the food and lodging you choose. Other factors include seasonal variations in the price of travel and lodging expenses, general economic conditions, and your persistence in obtaining the best prices available. This estimate is for the cost for you or your Designated Manager and up to one additional manager to attend our initial training program in the Dallas-Fort Worth, TX Area. Your costs will depend on the number of people attending training, their point of origin, method of travel, class of accommodation and living expenses (food, transportation, etc.). This estimate does not include the cost of labor.

Note 9: These fees are representative of the costs for engagement of professionals such as attorneys, and accountant s for the initial review and advisories consistent with the start-up of a Snapology Business. These fees can vary greatly depending on the hourly rate charged by the professional and the amount of work you request be performed.

Note 10: You are required to maintain certain specified insurance policies for your Snapology Business, and will be required to utilize our Designated Suppliers. Your actual payments for insurance and the timing of those payments will be determined based on your agreement with your insurance company or insurance agent. This estimate is for the cost of an initial deposit plus three months of premium payments. If you choose to pay the policies in full, these costs will be higher. The cost of coverage will vary based on the Protected Area for the type of Snapology Business.

Note 11: You are responsible for applying for, obtaining and maintaining all required permits and licenses necessary to operate your Snapology Business. The licenses necessary to operate the Snapology Business will vary depending on local, municipal, county and state regulations. All licensing fees are paid directly to the governmental authorities when incurred and are due prior to the opening of your Franchised Business.

Note 12: This estimate is for the cost of our mandatory grand opening expenditure, which includes the cost of the initial digital marketing advertising and materials for the initial launch of your Snapology Business. All marketing materials must be approved by us.

Note 13: This figure is for printing a start-up order of marketing displays, uniforms, promotional items, postcards, and business cards bearing the principal trademarks and a supply of office materials.

Note 14: This is an estimate of additional funds that will be required to cover expenses that you will incur before operations begin at your Snapology Business and during the first three (3) months following the opening of your Snapology Business (the "Initial Period"). Our estimates do not include salary or compensation to you as the owner and operator of your Snapology Business and, accordingly you must account for personal funds that you will require. Payments will be to third parties and are generally not refundable. These estimates also do not take into account finance payments and debt service (to the extent you obtain financing to develop your Snapology Business) and any related charges, interest, and costs you may incur if any portion of the initial investment is financed. These amounts are the minimum recommended levels to cover operating expenses, including your employees' salaries for three months. In compiling these estimates, we relied on our franchisees' and our affiliates' experience in operating Snapology Businesses. You may be required by your lender to carry additional working capital.

Note 16: We do not offer financing directly or indirectly for any part of the initial investment. Availability and terms of financing depend on many factors, including the availability of financing generally, your creditworthiness and collateral, and lending policies of financial institutions from which you request a loan.

**TABLE 2 - YOUR ESTIMATED INITIAL INVESTMENT – DEVELOPMENT AGREEMENT**

| **Type of Expenditure** | **Amount** | **Method of Payment** | **When Due** | **To Whom Payment is Made** |
|---|---|---|---|---|
| Development Fee[1] | $76,000 to $108,000 | Lump sum | When Development Agreement is signed | Us |
| Legal, Accounting, and Other Fees[2] | $5,000 to $10,000 | As arranged | As incurred | Your accountant, attorney, and other professionals |
| Initial Investment for the **First Snapology Business**[3] | $34,950 to $65,600 | See Table 3 above. The low range is equal to the low range of the total from Table1, less the Initial Franchise Fee, and the high range is equal to the high range of the total from Table 1, less the initial Franchise Fee. See Note 3. | | |
| **TOTAL**[4] | **$115,950 to $183,600** | | | |

Notes:

Note 1. The Development Fee includes the Initial Franchise Fees payable by you for the two to three franchised units to be developed. The Development Fee will be due in a lump sum payment upon signing the Development Agreement. The Development Fee is fully earned and non-refundable in consideration of administrative and other expenses we incur in entering into the Development Agreement. The Development Fee is uniform for all Developers, except as described in Item 5.

Note 2. You may incur additional legal, accounting, and other fees for reviewing the Development Agreement.

Note 3. For each Snapology Business you develop under the Development Agreement, you will also incur the respective expenses in Table 3 above in this Item 7 (except for the initial franchise fee).

Note 4. This figure represents the total estimated initial investment in entering into a Development Agreement for the development of two to three Snapology Businesses, including the estimated initial investment to open your first Snapology Business under the Development Agreement.

(*Item 8 continues on the next page.*)

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

**PURCHASES FROM APPROVED OR DESIGNATED SUPPLIERS; PURCHASES ACCORDING TO SPECIFICATIONS**

You must purchase from suppliers or distributors we designate (each a "Designated Supplier") all of your requirements for developing and operating the Franchised Business including: (1) signage and other products; (2) uniforms, shirts, and all other merchandise and items intended for retail sale (whether or not bearing our Proprietary Marks), including but not limited to merchandise to satisfy monthly purchasing requirements; (3) advertising, point-of-purchase materials, digital marketing services, and other printed promotional materials; (4) gift certificates and stored value cards; (5) stationery, business cards, contracts, and forms; (6) bags, packaging, and supplies bearing the Proprietary Marks; (7) insurance from our Designated Supplier and approved carriers or brokers, to the extent permitted by law; (8) local and regional marketing services through our Designated Supplier, if applicable; (9) reputation management and customer service satisfaction evaluations, and other surveys, (10) human resource information system and/or payroll systems, and other related systems; (11) replacement parts for required equipment; (12) point-of-sale, merchant processing, and other related systems; (13) certain support services related to the operation of your Franchised Business, including the accounting systems and third party accounting services that we prescribe; and (14) other products and services that we require. You agree to comply with all such requirements. For certain designated suppliers, you may be required to enter a form of participation agreement specified by each supplier.

We require you to operate your Snapology Business in conformity with the specifications, procedures, criteria and requirements that we designate in our confidential operations manual and other proprietary manuals (collectively, the "Manuals" or "Operations Manual"). We will notify you in our Manuals or other communications of our standards and specifications with respect to Designated Suppliers, including situations in which we may revoke approval. We will notify you of any changes in standards and specifications through changes in the Manuals or other communications.

You will be required to purchase the following through us or our affiliate: (1) retail merchandise, (2) licenses to the point of sale, merchant processing, and other software programs that we designate, (3) certain digital marketing services, (4) technology solutions (e.g., franchise management system, computer equipment) identified by us, (5) point-of sale system and related hardware (if required), (6) insurance policies (if required), and (7) certain support services related to the operation of your Franchised Business, including the accounting systems and third party accounting services that we prescribe.

If we require that a product or service be purchased from a Designated Supplier and you wish to purchase it from an alternate supplier, you must submit to us a written request for approval and must include pertinent information about the supplier as required in the Manual. You may not purchase or lease the product or service 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 products or services, as applicable, comply with our standards and specifications and whether the supplier meets our criteria, as may be amended by us periodically. We also have the right to inspect the supplier's facilities and 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, traceability, consistency, and pricing as well as supplier financial condition, corporate social responsibility policies, reliability, labor relations, client relations, frequency of delivery, concentration of purchases, standards of service (including prompt attention to complaints and positive complaint resolution history), and other criteria that we may establish periodically. You must reimburse us for all costs that we incur in connection with due diligence of your proposed supplier and our evaluation of such supplier as well as any costs we incur in monitoring a Designated Supplier's compliance with our requirements. We have the right to monitor the quality of the services provided by Designated Suppliers in a manner we deem appropriate. We may impose obligations on Designated Suppliers, which will be incorporated in a written license agreement with the supplier.

Except through an interest in us or our affiliates, none of our officers owns any interest in any Designated Suppliers with whom you must or are required or recommended to do business.

In addition to the items described above, we may require you to buy from us advertising and promotional materials, direct mail flyers and related forms to our franchise owners at prices that we determine. We or our affiliate may in the future provide media buying and placement services for local marketing and advertising. If we or our affiliate purchase media time or space or place advertising, then you will pay us or our affiliate's costs plus a fee not to exceed 15% of those costs. We do not currently require you to purchase these materials or services from us. We or affiliates may in the future offer or choose others to offer other goods or services and may become approved suppliers or the only approved supplier for other goods and services.

**SUPPLIER APPROVAL PROCESS**.

We are not required to approve any particular supplier. We will notify you of our approval or disapproval within 120 days of our receipt of complete information from you that we require to evaluate a proposed supplier. Our specifications for products and services and criteria for suppliers are generally issued through written communication and available to franchisees through the Manual, but we do not disclose information regarding specifications for products and services and criteria to suppliers that we consider proprietary or confidential to us. We may re-inspect the facilities and products of any Designated 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. We will notify you and the supplier of our decision.

You may purchase from any supplier those items and services for which we have not specified Designated Suppliers or distributors, if the items and services meet our specifications, which may include brand requirements. If brand requirements have been identified, you may purchase and use only those brands approved by us. Our approved vendor list and standards and specifications, and our modifications to our standards and specifications, are communicated to our franchisees in the Manual.

We do not provide material benefits to you (for example, renewing or granting additional franchises) based on your purchase of particular Products or Services or use of Designated Suppliers. However, if you do not use Designated Suppliers or follow our System standards, we may terminate the Franchise Agreement. You must follow and honor all of the product and service warranty and customer service policy we may establish and publish in our Manuals.

Some items can be purchased only from us or our affiliates, some only from suppliers we have approved, and others only in accordance with our specifications and standards.

**CURRICULUM**

We are the exclusive supplier of the Curriculum. The Services that your Franchised Business will offer and provide must exclusively be based on, utilize, and conform to our Curriculum. When you become a Snapology franchisee, at no additional charge, we will provide you with access to our Curriculum and Supplemental Curriculum that we authorize for use as part of our Curriculum. If you elect to utilize the Supplemental Curriculum you must exclusively purchase the Supplemental Curriculum from us, our designated affiliate, or Designated Supplier.

We estimate that your purchase of goods and services from suppliers according to our specifications, including your purchase of goods or services from our designated exclusive suppliers to represent approximately 50% to 70% of your total purchases and leases in establishing your Snapology Business and approximately 20% to 50% of the on-going operating expenses of your Snapology Business.

**BUSINESS MANAGEMENT SYSTEM AND OTHER TECHNOLOGIES**

Our business management system ("BMS") currently includes Manager and command center ("Command Center"). Command Center is our proprietary system that you must exclusively license through us and use in the daily operation of the Franchised Business. Command Center is a cloud-based software system powered by Microsoft that includes customer relationship management, student enrollment via website integration, event calendars, staff management, email marketing and other functionality. You are required to purchase at least one computer or tablet that maintains high speed internet access that runs Command Center for your Snapology Business. If you elect to open a Discovery Center, you will also be required to purchase and utilize our required point of sale system. You do not purchase the computer system equipment from us or our affiliates. There are no substitutes for Command Center, and it is the only business management software you must use for the Franchised Business. Command Center fees are included in the Technology Fee, which is currently $125 per month. At all times we reserve the exclusive right to change vendors, implement additional or different technologies and software, and to move your data and information to alternative business management system providers. We are the only Designated Supplier of Command Center.

**BRANDED ITEMS AND MARKETING MATERIALS**

All materials bearing the Proprietary Marks including, but not limited to, stationary, business cards, brochures, apparel and displays, must meet our standards and specifications and must be purchased from either us or our Designated Suppliers. All of your marketing materials must comply with our standards and specifications and must be approved by us before you use them. You may market the Franchised Business through approved digital media and social media platforms provided that you do so in accordance with our digital media and social media policies. You must purchase all branded marketing materials from either us or our designated exclusive supplier. We may require that you use our Designated Supplier for social and digital media marketing services and our social media platforms, vendors and marketing channels. You are required to utilize us to conduct your Grand Opening Advertising; we will collect your grand opening advertising funds and utilize the appropriate third-party marketing partner to conduct your grand opening of the Franchised Business according to a schedule that we determine.

**MINIMUM INSURANCE COVERAGE**

You must obtain and maintain, at your own expense, the insurance that you determine is necessary or appropriate for liabilities caused by or occurring in connection with the development or operation of the Franchised Business, including our mandatory policies and minimum limits of coverages described below:

| Line of Coverage: | Limits: |
|---|---|
| General Liability Insurance | $1,000,000 per occurrence<br>$2,000,000 Annual General Aggregate, Other than Products<br>$2,000,000 Annual Aggregate, Products and Completed Operations<br>(a) premises and operations; (b) products and completed operations; (c) personal injury; (d) advertising liability; (e) abuse and molestation; (f) contractual liability; (g) employees as insureds; (h) extended bodily injury coverage; (i) damage to premises rented to you ($100,000); (j) owned, non-owned and hired automobile insurance ($1,000,000 combined single limit); and (k) student sport accident<br>Medical Expense – each claim – to be excluded |
| Commercial Property Insurance<br>(if applicable) | Covering business personal property and business income for one year of lost profit and continued business expenses, for full replacement cost of the Franchised Business's contents. |

| Line of Coverage: | Limits: |
|---|---|
| Worker's Compensation | $1,000,000 limit |
| Hired and Non-Owned Auto Liability (if applicable) | $1,000,000 per occurrence |
| Student/Participant Accident Policy | $25,000 limit |
| Employment Practices Liability Insurance (if you have employees) | • $1,000,000 per claim<br>• Wage & Hour sublimit no less than $100,000 per occurrence<br>• Coverage for 1st and 3rd party sexual harassment |
| Professional Liability (recommended but not required) | $1,000,000 per occurrence |
| Other coverage as we may require from time to time | |

We have the right to establish and modify the minimum required coverages and to require different or additional kinds of insurance. Each policy must include those terms and endorsements that we require, as specified in the Franchise Agreement and the Manual. We may designate periodically one or more Designated Suppliers, which may be us or an affiliate, for the required insurance, and you must use those Designated Suppliers, to the extent permitted by applicable law.

You must purchase the required worker's compensation insurance, general liability insurance, property insurance, and employment practices insurance from our Designated Supplier(s). If we have not named a Designated Supplier or with respect to all other required insurance, in lieu of purchasing the insurance through our Designated Supplier as we may designate from time-to-time, you may purchase the insurance from insurance brokers and carriers that you select, subject to those brokers and carriers satisfying our Standards and minimum requirements. You must submit to us the information and documentation that we request in connection with your request for our consent to purchase insurance from any unapproved insurance broker or insurance carrier.

You must include us as an additional insured on all of the above policies except Worker's Compensation and Professional Liability. All insurance must be provided by an approved vendor or an insurer with an A.M. Best rating of not less than an A-VIII ("excellent" and $100,000,000 to $250,000,000 in policy holder surplus) that is authorized to sell insurance in the state in which your Franchised Business is located. You must provide us with a certificate of insurance and additional insured endorsement complying with the above requirements no less than seven days prior to opening your Franchised Business and at least 30 days prior to any renewal providing the endorsements as noted below. All insurance policies (except worker's compensation) must include a waiver of subrogation in favor of us and our affiliates, and each company's officers, directors, shareholders, partners, members, agents, representatives, independent contractors, servants, and employees, and must include a 30-day notice of cancellation directed to both you and to us or the person we designate.

**PURCHASE AGREEMENTS**

We may negotiate group rates, including price terms, for the purchase of equipment and supplies necessary for the establishment and/or operation of the Franchised Business. Presently there are no purchase or supply agreements in effect for Restricted Purchases and there are no purchasing or distribution cooperatives that you must join. You will not receive any material benefits for using Designated Suppliers.

### MEMBERSHIP PROGRAMS

We administer a multi-tier membership program for Snapology Businesses ("Membership Program"). You must participate in the Membership Program. In connection with the offer and sale of memberships for the Membership Program at your Franchised Business, you must comply with the Standards for the Membership Program, including Membership Program tiers, pricing and other terms and conditions we may establish periodically. We or our Designated Supplier will administer the Membership Program, and we reserve the right to modify the structure of such Membership Program and benefits of membership at any time upon notice to you. In connection with the sale of each membership, the customer must enter into a membership agreement in the form required by us and pay the applicable Membership Program dues.

We and our affiliates have the right, through the point-of-sale or other technology system components, or otherwise, to independent and unrestricted access to lists of the Franchised Business's members and prospects, including names, addresses and other related information ("Member Information"). We and our affiliates may use Member Information in our and their business activities, but, during the term of the Franchise Agreement, we and our affiliates will not use the Member Information that we or they learn from you or from accessing the point-of-sale or other technology system components to compete directly with the Franchised Business. Upon termination of the Franchise Agreement, we and our affiliates reserve the right to make any and all disclosures to the members of your Snapology Business and use the Member Information in any manner that we or they deem necessary or appropriate.

We reserve, to the fullest extent permitted by then-applicable law, the right to establish policies and programs regarding pricing of products and services, including, but not limited to, establishing the maximum and minimum retail prices and membership program prices, recommending retail and membership program prices, advertising specific retail prices for some or all products or services sold at your Franchised Business, and developing and advertising price promotions or package promotions. We may compel you to observe, honor, and participate in any such policies or programs we establish.

### CUSTOMER LOYALTY PROGRAMS

If we institute a Customer Card Program, you are required to participate in such programs, invest in additional equipment, and incur vendor processing or administrative fees for administration of the Customer Card Program. You must accept for payment gift card(s) presented as payment for purchases made in your School for products and services.

You must participate in and offer to your customers all customer loyalty and reward programs and all contests, sweepstakes, and other prize promotions that we mandate. We will provide you the details of each program and promotion, and you must promptly display all point-of-sale advertising and promotion-related information at such places within the Franchised Business premises as we may designate. You must purchase and distribute all coupons, clothing, toys, and other collateral merchandise (and only the coupons, clothing, toys, and collateral merchandise) we designate for use in connection with each such program or promotion.

### REVENUE DERIVED FROM FRANCHISEE PURCHASES AND LEASES

We and our affiliates did not receive any revenue during our most recently completed fiscal year ending December 31, 2025, from selling or leasing products or services directly to franchisees. However, we do receive rebates from certain vendors of our Designated Suppliers of Restricted Purchases. During our most recently completed fiscal year ending December 31, 2025, we received $2,644 in rebate revenue, which is 0.1% of our total revenue of $2,653,577.

(*Item 9 starts on the next page*.)

## ITEM 9
## FRANCHISEE'S OBLIGATIONS

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

| Obligation | Sections in Franchise Agreement | Sections in Development Agreement | Disclosure Document Items |
|---|---|---|---|
| a. Site selection and acquisition/lease | Article 3 | Articles 1 and 4 | Items 7 and 11 |
| b. Pre-opening purchases and leases | Article 5 | Not Applicable | Items 7 and 8 |
| c. Site development and other pre- opening requirements | Article 5 | Article 4 | Items 7 and 11 |
| d. Initial and ongoing training | Article 8 and Section 2.B.(4) | Section 6.2 | Item 11 |
| e. Opening | Article 5 | Article 4 | Item 11 |
| f. Fees | Article 6 | Article 3 | Items 5, 6 and 7 |
| g. Compliance with standards and policies / manual | Articles 7, 8, 9, 10, and 11 | Article 5 | Items 8 and 11 |
| h. Trademarks and proprietary information | Articles 9 and 13, and Section 14.A. | Section 1.4 | Items 13 and 14 |
| i. Restrictions on products and services offered | Articles 9, 10, and Sections 11.B.-11.D. | Article 1 | Items 8, 11 and 16 |
| j. Warranty and customer service requirements | Sections 11.I., 15.F., and 15.N. | Not Applicable | Item 16 |
| k. Territorial development and sales quotas | Sections 1.B. and 3.A. | Article 4 | Item 12 |
| l. Ongoing product and service purchases | Sections 11.B.-11.F. | Not Applicable | Item 8 |
| m. Maintenance, appearance and remodeling requirements | Article 10 and Sections 2.B(2), and 11.B. | Not Applicable | Items 7 and 17 |
| n. Insurance | Article 16 | Not Applicable | Items 7 and 8 |
| o. Advertising | Article 15 | Not Applicable | Items 6 and 11 |
| p. Indemnification | Section 20.B. | Section 7.2 | Item 6 |
| q. Owner's participation, management, staffing | Sections 11.J.-11.K. | Article 5 | Items 11 and 15 |
| r. Records and reports | Article 7 | Section 5.3 | Item 6 |
| s. Inspections and Audits | Article 7 and Sections 4.D., 4.E., and 11.G. | Not Applicable | Items 6 and 11 |
| t. Transfer | Article 17 | Article 8 | Item 17 |
| u. Renewal | Section 2.B. | Section 5.2 | Item 17 |
| v. Post-termination obligations | Article 19 | Article 9 | Item 17 |
| w. Non-Competition Covenants | Sections 14.B.-14.F. | Section 6.3 | Item 17 |
| x. Dispute Resolution | Article 23 | Article 11 | Item 17 |

| Obligation | Sections in Franchise Agreement | Sections in Development Agreement | Disclosure Document Items |
|---|---|---|---|
| y. Other: Individual guarantee of franchisee obligations | Attachment D | Attachment D | Item 15 |
| z. Other: Liquidated Damages | Section 18.F. | Section 9.8 | Item 6 |

## ITEM 10
## FINANCING

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

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

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

**FRANCHISE AGREEMENT**

Before you begin operating the Franchised Business, we will:

1. Grant you the right to operate the Franchised Business within a Protected Area. (Franchise Agreement, Section 1.B.);

2. Provide you pre-opening assistance regarding (i) development and operation of the Franchised Business; (ii) qualifications and training requirements for various personnel roles required for the operation of the Franchised Business in accordance with the Snapology's standards; (iii) services, supplies, Curriculum, and other operational requirements for the Franchised Business, and (iv) purchasing and inventory control; and such other matters as we deem appropriate. (Franchise Agreement, Section 5.C.);

3. Supply you with our Curriculum, and, upon your request, any Supplemental Curriculum. (Franchise Agreement, Section 6.C.);

4. Prior to opening the Franchised Business, provide you or your Designated Manager and up to one additional manager with training in accordance with our initial training program. (Franchise Agreement, Section 8.A.);

5. Loan you a copy of or provide you access to a digital version of our Operations Manual. At all times, we reserve the right to supplement, modify and update the Operations Manual. (Franchise Agreement, Article 9). The Operations Manual currently consists of 147 pages and the table of contents to the Operations Manual is attached as Exhibit C to this Disclosure Document;

6. Provide you with our then current list of Designated Suppliers for the products and services that we will require you to use in the Franchised Business. (Franchise Agreement, Section 11.C.);

7. Supply you with your initial license permitting you to access and use our designated BMS, subject to an on-going monthly Technology Fee and compliance with the terms of your Franchise Agreement. (Franchise Agreement, Section 11.E.);

8. Provide you with marketing and promotion standards and marketing campaigns for use in your Franchised Business. (Franchise Agreement, Article 15); and

9. Establish a section on the Snapology website that includes information related to your Franchised Business. (Franchise Agreement, Section 15.H.).

During the operation of the Franchised Business, we will:

1. Provide you with access to updates and revised plans to our Curriculum and Supplemental Curriculum (if applicable). (Franchise Agreement, Section 6.C.);

2. Provide training to additional or replacement managers, and refresher training as appropriate (Franchise Agreement, Article 8);

3. Establish and communicate operating procedures, improvements to the System and modifications to the System in connection with your operation of the Franchised Business, services to be offered by you, products to be sold by you, Supplies to be purchased and used by you, and those systems and procedures to be used by you in connection with training of service employees and marketing and promotion of the Franchised Business. (Franchise Agreement, Article 10);

4. Use good faith efforts to approve or disapprove your proposed promotional and marketing materials within 10 business days after we receive them. (Franchise Agreement, Section 15.A.);

5. Establish and administer a membership program, gift card program, loyalty program, and master insurance program for so long as we elect to do so. (Franchise Agreement, Sections 11.P., 15.F. and 16.B.);

6. Periodically, as we deem appropriate, advise and consult with you in connection with the operation of the Franchised Business. (Franchise Agreement, Section 5.D.); and

7. In our discretion, coordinate an annual conference to be attended by franchisees of the System that are in good standing. (Franchise Agreement, Section 8.D.).

**DEVELOPMENT AGREEMENT**

When you sign the Development Agreement, we will provide you site selection guidelines, including our minimum standards for Snapology site selection areas and sources regarding demographic information, and such site selection counseling and assistance as we may deem advisable.

During the course of the Development Agreement, we will:

1. Upon your request, disclose to you the then-current franchise disclosure document and, upon your compliance with the Development Agreement and our requirements, issue and execute remaining franchise agreements pursuant to your Development Schedule. (Development Agreement, Section 4.3).

**APPROVED LOCATION**

You may only provide the Services at Third Party Sites located within your Protected Area and maintain your business activities in your home Office.

In limited circumstances, we may approve you to open in temporary retail centers (the "Approved Location"), which must be located within your Protected Area. You are not required to identify premises for an Approved Location.

Although there is no specified time limit for us to review your proposed site, we will do so within a reasonably expedient time period, not exceeding sixty (60) days from your submission of all required site information of the site of your choosing. If we do not approve your proposed site for the Approved Location, then you must continue to operate the Franchised Business as a mobile Snapology only located in your home Office, which shall be considered your temporary or permanent Approved Location. You may also provide the Services at Third Party Sites located within your Snapology Protected Area.

**TIME TO OPEN**

You may not open your Snapology Business until you have completed our initial training requirements, obtained the necessary licensing and authorization from state and regulatory agencies within your Protected Area, and obtained and provided us with written proof of the required insurance. Generally, you must complete the initial training program within 60 days of signing your Franchise Agreement. The required opening date ("Opening Date") is 120 days after signing of the Franchise Agreement or the first month following successful completion of our initial training program, whichever occurs first. Additionally:

The Opening Date for a Snapology Business is within one hundred and twenty (120) days from the date of signing of your Franchise Agreement or the first day of the first month following your successful completion of our initial training program, whichever occurs first. You must complete your initial training obligations within 60 days from the date of signing of your Franchise Agreement. If you do not complete your initial training and open your Snapology Business on or prior to the Opening Date, we may terminate your Franchise Agreement without refunding any fees to you. (Franchise Agreement, Section 18.B(1)).

We estimate that the length of time between the signing of a Franchise Agreement and the opening of a Snapology Business to be approximately one (1) month to three (3) months. Factors that may affect this estimated time period include: (a) length of time undertaken by you to complete our initial training program to our satisfaction; and (b) obtaining the necessary licenses for the operation of the Franchised Business.

**ADVERTISING**

All advertising, marketing, marketing materials and all marketing mediums used by you in the marketing and promotion of the Franchised Business must be pre-approved by us in writing and conform to our standards and specifications. You may only utilize those advertising and marketing materials and mediums that we designate and approve in writing. If you wish to utilize marketing materials and/or marketing mediums that are not currently approved by us in writing, you may submit a written request requesting permission and we will approve or disapprove of your request within ten (10) days of your submission of the written request and sample marketing materials.

**GRAND OPENING ADVERTISING**

You must conduct a grand opening advertising and promotional program before the Franchised Business opens for business in accordance with the standards set forth in the Manuals and using our required marketing and media partners. We will consult with you in planning the timing and contents of the grand opening program. You must spend a minimum of $10,000 on your grand opening advertising. This amount is collected by us or an affiliate and submitted to our required media partner to be spent in the manner and schedule that we determine. This amount is in addition to the other required advertising investments described in this Item 11.

**LOCAL MARKETING EXPENDITURE**

You must make the Local Marketing Expenditure, as may be amended by us periodically, but which, when combined with the NAF Contribution (subject to a minimum $100 per month) and Advertising Cooperative, will not exceed 6% of Gross Sales, as allocated by us between the NAF Contribution, the Advertising Cooperative, and the Local Marketing Expenditure during any 12-month period. (As of the issuance date of this disclosure document, we have not yet established an Advertising Cooperative.) At our request, you must provide us copies of invoices and other documentation reasonably satisfactory to us to evidence your compliance with this obligation. If we determine that you have failed to comply with the Local Marketing Expenditure requirement for any period, we may notify you of any additional amounts that you must spend (up to the then-current percentage of Gross Sales required by us) on local marketing, and if you have not spent such additional amounts (in addition to any ongoing marketing requirements) within the time period required by us, we may collect those unspent amounts directly from your account and contribute them to the NAF, without any liability or obligation to use such funds for your local advertising. Alternatively, at our discretion, we may collect these monies from you and place the advertising on your behalf.

You must submit to us samples of proposed promotional and marketing materials, and notify us of the intended media, before first publication or use. We will use good faith efforts to approve or disapprove proposed promotional and marketing materials within 10 business days after receipt. If we do not respond within 10 days, the proposed promotional and marketing material are deemed denied. You may not use the promotional or marketing materials until we expressly approve the materials and the proposed media. Once approved, you may use the materials only in connection with the media for which they were approved. We may disapprove your promotional or marketing materials, or the media for which they were approved, at any time, and you must discontinue using any disapproved materials or media upon your receipt of written notice of disapproval.

We reserve the right to identify a Designated Supplier of local and regional marketing services and establish a system-wide supply contract for local and regional marketing services, which may be one of our affiliates. Under these circumstances, we may collect all or a portion of the Local Marketing Expenditure and apply it to fees payable to the Designated Supplier for those marketing services. If the full amount of the Local Marketing Expenditure is applied to fees due under a system-wide supply contract, you may, but are not required, to conduct additional or supplemental local marketing activities as permitted under the Franchise Agreement. If we collect less than the full amount of the Local Marketing Expenditure, you must spend the remaining Local Marketing Expenditure on marketing activities in your Protected Area as permitted under the Franchise Agreement.

**DIGITAL MEDIA AND WEBSITE**

All digital media and marketing must be approved by us. We will designate for your Protected Area information about the Franchised Business on the www.snapology.com webpage or such other websites as we may designate for the System ("System Websites"). (Franchise Agreement, Section 11.S.). You may not advertise on the Internet using, or establish, create, or operate an Internet site or website using any domain name containing, the words "SNAPOLOGY" or any variation of "SNAPOLOGY" without our prior written consent. You must comply with all marketing and advertising policies and procedures that we develop.

**NATIONAL ADVERTISING FUND**

We administer the NAF for the creation and development of marketing, advertising, and related programs, campaigns and materials for the implementation of our brand positioning. As noted in Item 6, you will pay to Franchisor a continuing, non-refundable monthly contribution of up to 5% of monthly Gross Sales, subject to a minimum fee of $100 per month ("NAF Contribution"); currently the NAF Contribution is 1% of monthly Gross Sales. We reserve the right to suspend or increase the NAF Contribution at any time upon 60 days' prior notice to you; however, if we increase the NAF Contribution, the sum of the NAF Contribution, Advertising Cooperative contribution, and Local Marketing Expenditure will not exceed 6% of Gross Sales (as allocated by us between the NAF Contribution, Advertising Cooperative contribution, and the Local Marketing Expenditure) during any 12-month period. Any corporate-owned Snapology locations will contribute to the NAF at the same rate as franchisees.

In our last fiscal year ended December 31, 2025, we spent approximately 86.9% of the NAF on production of assets and 13.1% of the advertising fund on administration and infrastructure. At the end of the year, we will carry over to the following year any advertising fees we have not spent and will use these monies for advertising and marketing.

We direct all initiatives related to the positioning of the brand using the NAF, including advertising and marketing programs. We and/or an outside regional or national advertising agency will produce all advertising and marketing.

The NAF will be accounted for separately from our other funds. We will not use NAF funds to solicit new franchise development. The NAF will not be audited. We will, upon your written request (but no more than once annually) provide a copy of our unaudited annual statement of monies collected and costs incurred by the NAF.

Although we endeavor to utilize the NAF to develop advertising and marketing materials and programs and to place advertising that will benefit the System, we have no obligation to ensure that expenditures by the NAF in or affecting any geographic area are proportionate or equivalent to the contributions to the NAF by Snapology businesses in that geographic area or spent marketing your Snapology Business. Nor are we under any obligation to ensure that any franchisee will benefit directly or in proportion to its NAF Contribution from the development of advertising and marketing materials or the placement of advertising. We reserve the right to suspend or terminate (and, if suspended or terminated, to reinstate) the NAF. If the NAF is terminated, all unspent monies on the date of termination accrued will be distributed to franchisees in proportion to their respective contributions to the NAF accrued during the preceding three-month period, and those amounts will be spent on local marketing.

**UNLEASHED FUND**

We have the right to establish an advertising fund separate from the NAF, which we call the Unleashed Fund. You will not contribute directly to the Unleashed Fund. The Unleashed Fund is identical to the NAF except that the funds are spent marketing all of the Affiliated Brands under the Unleashed Brands umbrella. When the Unleashed Fund is established, the NAF may contribute up to 15% of its monthly balance to the Unleashed Fund. Each of the Affiliated Brands are expected to contribute to the Unleashed Fund, except the percentage contributed by each Affiliated Brand's fund may vary. Only the Affiliated Brands that contribute to the Unleashed Fund are included in the advertising conducted by the fund. The Unleashed Fund is not audited, and we are not required to provide you a report of Unleashed Fund.

If we are required to do so by your state law, we will within 60 days after your written request (but no more than once annually) provide a copy of our unaudited annual statement of monies collected and costs incurred by the Unleashed Fund. In our last fiscal year ended December 31, 2025, we did not create or maintain an Unleashed Fund.

**ADVERTISING COOPERATIVE**

No advertising cooperative has yet been created and, therefore, no governing documents are available for your review. If we believe that two or more Snapology businesses may benefit by pooling their advertising dollars, we may form a local or regional Advertising Cooperative for this purpose. If we form an Advertising Cooperative for the region in which your Franchised Business is located, your membership to the advertising cooperative is automatic, and you must participate in the Advertising Cooperative. Contributions to the Advertising Cooperative will be credited toward your Local Marketing Expenditure. We have the right to create, dissolve, and merge advertising cooperatives. We will also have the power to require Advertising Cooperatives to be formed, changed, dissolved, or merged, and to create and amend their governing documents.

Governing documents will provide that any Advertising Cooperative created under authority of the Franchise Agreement will (1) operate by majority vote, with each Snapology business (whether franchised or affiliate-owned or managed) being entitled to one vote, (2) entitle us to cast one vote (in addition to any votes we may cast for affiliate-owned locations), (3) permit the members of the Advertising Cooperative, by majority vote, to determine the amount of required contributions, and (4) provide that any funds left in the Advertising Cooperative at the time of its dissolution be returned to the members in proportion to their contributions made during the 12-month period immediately preceding dissolution. All members (including company-owned and our affiliate-owned locations) will contribute at the same rate. The majority vote will determine the level of contributions. We do not currently expect that company-owned or affiliate-owned Snapology businesses will have majority voting power in any Advertising Cooperative, but if they do, the required contribution to the Advertising Cooperative for each member will not exceed $10,000 per year without consent of a majority (*i.e.*, 51%) of franchisee members of such Advertising Cooperative.

## ADVERTISING COUNCIL

There currently are no franchisee advertising councils or advertising cooperatives that advise us on advertising policies. In our discretion, we reserve the right to establish an advisory council of franchisees that does advise us on advertising policies and other matters.

## PRICING

We may, if permitted by applicable law, establish maximum, minimum, or other pricing requirements with respect to the prices you may charge for products and services, including required participation in systemwide discount programs and promotions. If we do not establish such pricing requirements, then you will have the right to determine the prices you charge.

## COMPUTER SYSTEM AND POINT OF SALE

You will be required to operate and maintain at least one computer or tablet to be used from the administrative office that you use to manage the Franchised Business, Third Party Sites from which you provide the Services. The computer must possess high-speed internet capability permitting your access and utilization of our Command Center, and have software that complies with PCI-DSS. We will possess direct access to Command Center and we will have access to all information entered into Command Center including information about the sales of the Franchised Business and your customers. You may also be required to purchase and utilize our required point of sale system. You do not purchase the computer equipment from us. The cost of a laptop or desktop computer may range from $500 to $1,200. Other than ordinary equipment maintenance that may, depending on your usage, be required, there are no mandatory or optional maintenance, upgrade or support contracts required by us regarding the computer system that you utilize. However, you may be required to pay ongoing maintenance and upgrade charges by our Designated Supplies, which we estimate to be between $500 to $750 per year. The third parties whose computer-related products you buy have no contractual right or obligation to provide ongoing maintenance, repairs, upgrades, or updates unless you obtain a service contract or a warranty covers the product. At our request, you must sign or consent to a “terms of use” agreement regarding all software applications that we designate. We may independently access from a remote location, at any time, all information input to, and compiled by, your computer system or an off-site server, including information concerning sales, purchase orders, inventory, and expenditures. There are no contractual limitations to our right to access the information and data. You must upgrade your computer system, and/or obtain service and support, as we require or when necessary because of technological or other developments. There are no contractual limitations on the frequency and cost of this obligation. We need not reimburse your costs.

## INITIAL TRAINING

If this is your first Snapology business, we will provide initial training for you or, if you are a corporate entity, your Designated Manager plus one additional manager or Owner. Either you or your Designated Manager must successfully complete the initial training program to our satisfaction prior to the opening of the Franchised Business. We use manuals, videos, and other training aids in conducting the training program. The initial training program takes place over an approximate three-day period at our affiliate Snapology center in the Dallas-Fort Worth, TX Area. Although we provide you, or your Designated Manager if you are a corporate entity, plus an additional manager with initial training at no additional fee or charge, you will be responsible for all travel, lodging, food, automobile rental expenses and employee wages that you incur in connection with your attendance and participation in our initial training program and the attendance and participation of your managers in our initial training program. (Franchise Agreement, Article 8). If your Designated Manager ceases to serve in, or no longer qualifies for, the position, you must designate another qualified person to serve as your Designated Manager within 30 days and your proposed replacement Designated Manager must successfully complete the initial training program. Currently, we provide our initial training program no less frequently than quarterly and on an as-needed basis.

The following chart summarizes the subjects covered in our initial training program:

**TRAINING PROGRAM**

| Subject | Hours of Classroom Training | Hours of on-the-Job Training | Location |
|---|---|---|---|
| Introduction to Snapology | 2 | 0 | the Dallas-Fort Worth, TX Area, or other such place we designate |
| Overview of Programs | 2 | 0 | the Dallas-Fort Worth, TX Area, or other such place we designate |
| Birthday Parties | 1 | 0 | the Dallas-Fort Worth, TX Area, or other such place we designate |
| Supply Management | 2 | 0 | the Dallas-Fort Worth, TX Area, or other such place we designate |
| Staffing | 2 | 0 | the Dallas-Fort Worth, TX Area, or other such place we designate |
| Marketing & Advertising | 2 | 0 | the Dallas-Fort Worth, TX Area, or other such place we designate |
| Daily Operating Procedures | 2 | 0 | the Dallas-Fort Worth, TX Area, or other such place we designate |
| Setting up your Business | 2 | 0 | the Dallas-Fort Worth, TX Area, or other such place we designate |
| Scheduling & Logistics | 2 | 0 | the Dallas-Fort Worth, TX Area, or other such place we designate |
| Sales | 2 | 0 | the Dallas-Fort Worth, TX Area, or other such place we designate |
| Robotics / Animation / Coding Introduction | 2 | 0.5 | the Dallas-Fort Worth, TX Area, or other such place we designate |
| Review of Curriculum | 3 | 0 | the Dallas-Fort Worth, TX Area, or other such place we designate |
| Website Management | 1 | 0 | the Dallas-Fort Worth, TX Area, or other such place we designate |
| Classroom Management | 1 | 0.5 | the Dallas-Fort Worth, TX Area, or other such place we designate |
| Question & Answers | 2 | 0 | the Dallas-Fort Worth, TX Area, or other such place we designate |

| Subject | Hours of Classroom Training | Hours of on-the-Job Training | Location |
|---|---|---|---|
| **Totals** | 28 | 1 | |

All training will be conducted under the direction and supervision of Nikki Ubinger, our Operations Manager. Nikki has over six years of experience providing franchise and operations support, including training franchisees. Our training materials include our written Operations Manual, access to our Command Center and access to the facilities and equipment of our affiliate's Snapology business in the Dallas-Fort Worth, TX Area.

Following initial training program and the opening of the Franchised Business, if you request that we provide training or assistance on-site, you must pay our then current fee for each trainer. You must also reimburse us for our trainer(s) expenses including travel and accommodations. Our current daily trainer rate is $500 per day. There is a two-day minimum for assistance.

If we determine in our sole discretion that you need additional supervision or supplemental training, we may require you to participate in such training and pay our then-current per diem charges and out-of-pocket training expenses. If you ask us to provide additional supervision or supplemental training, you also must pay our then-current per diem charges and out-of-pocket training expenses.

We require that you attend our annual conference. If you cannot attend and we excuse your absence, you must send your Designated Manager in your place. In addition to the current conference fee per person in attendance, you will be responsible for all conference-related costs and expenses, including compensation, travel, accommodations, wages, and meals for your attendees. If you or your representative do not attend, you must pay us a conference materials fee of $1,500 and we will provide you with relevant training materials from the Snapology annual conference.

## ITEM 12
## TERRITORY

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.

**FRANCHISE AGREEMENT**

You must operate your Snapology Business within the Protected Area as identified in the Franchise Agreement. You may only operate your Snapology Business at Third Party Sites located within your Protected Area. In limited circumstances, we may approve you to operate your Snapology Business at a permanent or temporary retail or business site ("Approved Location"), which must be located inside of your Protected Area.

We will identify a Protected Area when you sign your Franchise Agreement. The Protected Area will be determined by us, and which may be based upon any or all of the following: zip codes, geographic boundaries, or a radius surrounding the Approved Location. There is no minimum Protected Area. Typically, but not in all cases, available Protected Areas will encompass a population of approximately 50,000 children aged three to 14 years based upon the most recent U.S. Census or other publicly available data that we designate. The boundaries of your Protected Area may be altered only by written consent of the parties. If you co-brand with an Affiliated Brand, your Protected Area may be different from the protected area granted under the Affiliated Brand's franchise agreement.

During the term of and subject to your compliance with the Franchise Agreement and any other agreement between you and us or our affiliates, we will neither operate nor grant others the right to operate another Snapology business in the Protected Area. The Protected Area may overlap with or be overlapped by the protected area of other Snapology franchisees or locations that our affiliates own or operate, so long as there are no other Snapology businesses in the area of overlap.

We retain for ourselves and our affiliates all other rights in and to the Proprietary Products, Proprietary Marks, Indicia, and System, including distributing services or products within or outside your Protected Area, without limitation, including to sell and to distribute, directly or indirectly, or to license others to sell and to distribute, directly or indirectly, any products or services through wholesalers, distributors, catalogs, or other alternative distribution channels, including products bearing Proprietary Marks anywhere within or outside of the Protected Area. Franchisee is not entitled to compensation for any such sales made in the Protected Area. You are not entitled to compensation for any such sales made in your Protected Area. We also may establish and operate, and license others to establish and operate, other types of businesses (including those franchised by our affiliates) under the Proprietary Marks or under other marks, and we or our affiliates may acquire, be acquired by, or be merged or consolidated with such businesses.

You must focus your marketing activities within your Protected Area. You may engage in direct marketing activities in the Protected Area (even if they overlap another franchisee's protected area). We may develop policies and procedures that apply to all types of advertising and marketing efforts, including Social Media advertising, and you must comply with all policies and procedures that we develop. You may not conduct marketing activities outside of your Protected Area, unless we provide you with written consent specifically identifying the additional areas and time frame in which you may market outside of your Protected Area. You may not sell products through alternative channels of distribution, such as the internet, direct mail, telemarketing, or other direct marketing without our consent. Continuation of your territorial protection under the Franchise Agreement does not depend on you achieving a certain sales volume, market penetration, or other contingency.

**DEVELOPMENT AGREEMENT**

When you execute your Development Agreement, we will identify a Development Area in which you will open your Snapology businesses. During the term of the Development Agreement, we will not own or operate, or grant anyone else the right to operate a Snapology business within the Development Area. When you are ready to open each Franchised Business, we will convert the applicable Development Area to a Protected Area when you sign the then-current franchise agreement for that unit. Upon expiration or termination of the Development Agreement, your rights to the Development Area also terminate, except for the Protected Areas defined in each Franchised Business' franchise agreement.

**AFFILIATED BRANDS**

Certain products or services from our affiliate Sylvan, whether currently existing, in research and development, or developed in the future, may be distributed in your Protected Area by our affiliates, or its franchisees, licensees, or designees, in the manner and through such channels of distribution as our affiliates determine at its sole discretion without compensation to you. Sylvan, whose principal business address is the same as Snapology's principal business address, currently offers franchises for SYLVAN franchised businesses, which provide specialized assessment and teaching of individualized educational programs for children in the principal areas of reading, mathematics, writing, and test preparation, and portable SylvanSync and Sylvan-branded learning environment individualized for children, using proprietary SylvanSync computer systems. Sylvan may also provide certain STEM related classes under the Sylvan name and related trademarks. Sylvan may also offer other services and products that may overlap with Snapology's services and products. While the principal business addresses for Snapology and Sylvan are the same, Sylvan maintains training facilities that are physically separate from Snapology. Sylvan franchisees may solicit or accept customers near your Franchised Business and in your Protected Area. We do not expect any material conflicts between Sylvan franchisees and Snapology franchisees regarding territory, customers, or support because the principal products and services offered by each do not materially overlap. However, we intend to use reasonable efforts to resolve any conflicts that might arise in the future.

**SERVICES OUTSIDE OF PROTECTED AREA**

The marketing of the Franchised Business must be targeted to your Protected Area and you are not permitted to directly solicit customers outside of your Protected Area. The term “Direct Solicitation” refers to and means “communications and/or contacts occurring through in person contact, telephone, mail, e-mail, direct mail, distributed print media, digital media and marketing directed toward customers, potential customers or referral sources of a Snapology Business or Third Party Sites.” On a limited basis, and upon our express approval, you may provide offer and provide Services on a mobile basis at Third Party Sites outside of the Protected Area (*i.e*., in the immediate area outside of the Protected Area) so long as those Third Party Sites are not in another Snapology franchisee’s protected area. You may only engage in these services upon our prior written approval and upon execution of the TOP Amendment, attached as Attachment I to the Franchise Agreement. However, you must conduct the business operations of your Franchised Business from within your Protected Area and, if applicable, the Approved Location. This means you cannot locate the Approved Location or establish a primary or secondary office outside of the Protected Area. If i) the area in which the Third Party Sites are located outside of the Protected Area become another franchisee’s protected area or ii) if we request, in our sole discretion, without limitation, that you cease operations outside of the Protected Area, you must immediately surrender these Third Party Sites and cease providing Services to the Third Party Sites outside of your Protected Area.

**ADDITIONAL FRANCHISE RIGHTS**

Other than what is set forth in your Franchise Agreement and Development Agreement, we do not grant you any options or rights of first refusal to acquire additional franchises.

## ITEM 13
## TRADEMARKS

Our affiliate Snapology IP, LLC is the owner of the Proprietary Marks and has granted to us an exclusive license with an initial twenty-year term and with automatic renewal thereafter to use the Proprietary Marks and to license our franchisees to use the Proprietary Marks. We reserve the right to supplement and modify the Proprietary Marks that you may or may not use in connection with the operations of the Franchised Business. You may only use the Proprietary Marks in the manner authorized by us. You may not use Proprietary Marks in connection with the name of your corporation, limited liability company, or other corporate entity that you may establish in connection with the operations of the Franchised Business.

Principal Trademarks Registered with the United States Patent and Trademark Office
The following principal marks are registered on the Principal Register of the United States Patent and Trademark Office. As to each of these marks the appropriate affidavits have been filed with the United States Patent and Trademark Office (“USPTO”).

| Mark | Registration Number | Registration Date |
|---|---|---|
| SNAPOLOGY | 4023579 | September 6, 2011 |
| | 7993844 | October 21, 2025 |

| Mark | Registration Number | Registration Date |
|---|---|---|
| | 4221339 | October 9, 2012 |
| | 5657566 | January 15, 2019 |

There are no currently effective material determinations of the USPTO, the Trademark and Appeal Board, the trademark administrator in any state or any court, no pending infringement, opposition, or cancellation proceedings; and no pending litigation involving the Marks. We know of no superior rights or infringing uses that could materially affect your use of the Proprietary Marks or other related rights in any state. Except for the license agreement with Snapology IP, LLC, there are no agreements currently in effect that significantly limit our rights to use or to license the use of the Proprietary Marks in any manner material to the Franchised Business.

LEGO® is a registered trademark of LEGO Group of companies which does not sponsor, authorize or endorse any Snapology Business or the Snapology franchise system. K'Nex® is a registered trademark of K'Nex Limited Partnership which does not sponsor, authorize, or endorse any Snapology Business or the Snapology franchise system.

**Infringement**

If there is any infringement of, or challenge to, your use of any name, mark, or symbol, you must immediately notify us, and we may take any action that we deem appropriate, in our sole discretion. The Franchise Agreement does not require us to take affirmative action if notified of the claim. We have the right to control all administrative proceedings or litigation involving your use of the Proprietary Marks. The Franchise Agreement does not require us to participate in your defense or to indemnify you for expenses or damages if you are a party to an administrative or judicial proceeding based on your use of the Proprietary Marks, or if the proceeding is resolved unfavorably to you. We have the right to designate one or more new, modified or replacement Proprietary Marks for your use and to require you to use the new, modified or replacement Proprietary Marks in addition to or in lieu of any previously designated Proprietary Marks. You must comply with the directive, at your expense, within 60 days following your receipt of written notice of the change. These rights arise only under the Franchise Agreement.

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

There are no patents or registered copyrights material, or pending applications, to the franchise, but we claim copyright protection in many elements of the System including our training and marketing material, advertising, confidential operations content, software, designs, creative works, Web pages, and other works of authorship in any media ("Copyrighted Works").

No agreement limits our right to use or license the Copyrighted Works. We do not know of any superior prior rights or infringing uses that could materially affect your use of the Copyrighted Works. We need not protect or defend the Copyrighted Works or take any action if notified of infringement, and you have no obligation to notify us of any infringement. We may take the action we deem appropriate (including no action) and exclusively control any proceeding involving the Copyrighted Works. No agreement requires us to participate in your defense or indemnify you for damages or expenses in a proceeding involving a Copyrighted Work or claims arising from your use of the Copyrighted Works. There currently are no effective adverse material determinations of the USPTO, the United States Copyright Office, or any court regarding the Copyrighted Works.

You and your owners and employees must maintain the confidentiality of all trade secrets, the Standards and all other elements of the System, all customer information, all information contained in the Manual, and any other information that we designate as confidential and as trade secrets ("Confidential Information"). Each of your owners must sign the Undertaking and Guaranty Agreement attached as Attachment D to the Franchise Agreement and the Confidentiality and Non-Competition Agreement attached as Attachment E to the Franchise Agreement. All of your employees with access to Confidential Information must also sign a confidentiality and non-competition agreement that you must prepare according to the jurisdiction in which your Franchised Business is located.

You must promptly notify us of any apparent infringement of, or challenge to, your use of any of the Copyrighted Works or Confidential Information. We are not required to take affirmative action when notified of a claim, or to participate in your defense or indemnify you for expenses or damages if you are a party to an administrative or judicial proceeding involving any of the Copyrighted Works or Confidential Information, or if the proceeding is resolved unfavorably to you, but will take whatever action we determine to be appropriate under the circumstances. We have the right to control all administrative proceedings or litigation involving the Copyrighted Works and Confidential Information. If we or our affiliate undertakes the defense or prosecution of any litigation pertaining to any of the Copyrighted Works or Confidential Information, you must sign all documents and perform such acts and things as, in the opinion of our legal counsel, may be necessary to carry out the defense or prosecution.

If any third-party establishes to our satisfaction, in our sole discretion, that its right to these materials are superior, then you must modify or discontinue your use of these materials in accordance with our written instructions.

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

### FRANCHISE AGREEMENT

The Franchise Agreement requires that you or, if you are a corporate entity, your managing shareholder or partner be personally responsible for the daily management and supervision of the Franchised Business (the "Designated Manager"). The Franchised Business must be supervised at all times by a Designated Manager. We must approve your Designated Manager. Your Designated Manager must have satisfactorily completed our initial training and must have obtained all required licenses and permits necessary to operate a Snapology Business within your Protected Area. We highly recommend, but do not require, that your Designated Manager own an equity interest in you if you are a corporate entity. If your Designated Manager ceases to serve in, or no longer qualifies for, the position, you must designate another qualified person to serve as your Designated Manager within 30 days. Your proposed replacement Designated Manager must successfully complete the initial training program. Further, if there are multiple owners, one owner must have at least 1% greater ownership interest in Franchisee than any other owner and have the unilateral right to make decisions concerning transfer, winding up, and other decisions impacting the operation and dissolution of the Franchisee and its assets ("Executive Owner"). The Executive Owner is not required to be the Designated Manager but may also serve as the Designated Manager.

All of your employees and other agents and representatives who may have access to our confidential information must sign a confidentiality agreement approved by us. All program instructors must be qualified as a licensed teacher or an instructor with proper clearances and a minimum of 100 hours of lead classroom instruction. We do not require that your general managers own any equity interest in the

Franchised Business. Even if you hire a manager, you are ultimately responsible for operation of your Snapology Business.

You and, if you are a partnership or corporate entity, each of your members, shareholders and/or partners who own more than ten percent equity interest in the business entity (collectively, "Owners"), must personally guarantee all of your obligations to us under the Franchise Agreement. Each Owner (regardless of percent of equity interest) must also sign a confidentiality agreement. Unless your spouse is an Owner, they will not be required to sign a personal guaranty.

The franchisee is required to be a business entity formally organized in the state of your choosing. If the franchise agreement was signed under the franchisee's individual capacity, then such individuals are required to execute the then-current form of the assignment and assumption agreement assigning the franchise agreement to your business entity within 30 days of the effective date of the franchise agreement. Our current template form of the assignment and assumption agreement is included in this disclosure document under Exhibit J.

**DEVELOPMENT AGREEMENT**

You must appoint a person who shall serve as the "Designated Principal," who is an Owner of the Developer. The Designated Principal shall be responsible for general oversight and management of the development of the Franchised Businesses under Development Schedule. Once each Franchised Business is open, the Developer or Designated Principal may appoint another to serve as that Snapology Business' Designated Manager. Each Owner and Designated Principal of the Developer must sign an Undertaking and Guaranty substantially in the form of Attachment D to the Development Agreement to personally guarantee to us that you will perform all obligations under the Development Agreement in a timely manner according to the respective terms of the Development Agreement.

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

You may offer and sell only the products, goods, and services specifically authorized by us in writing, including without limitation ancillary services that we may authorize from time to time. You may not offer or sell any products, goods, or services not specifically authorized by us in writing. We may, at any time and in our sole and absolute discretion, add, eliminate, or modify authorized products, goods, and services; there are no contractual limitations on our rights to make such changes.

The Franchise Agreement gives you the right to operate a single Snapology business and to offer approved products, goods, and services only at the Approved Location. To the extent that we may periodically expand our service offerings to provide on-site entertainment, after school programs, supplementary education or social "camps" or similar services, you may provide such services at the Approved Location and in the Protected Area (or other area that we may authorize) according to the Franchise Agreement and our then-current Standards, policies, and procedures. You may not host or permit third parties to host programs (including after school programs, children's "camps" or similar services) at the Approved Location unless we have authorized such services to be offered in advance in writing.

You may only use marketing and promotional materials that we have approved. You must focus your marketing activities within your Protected Area. You may engage in direct marketing activities in the Protected Area. Except as described in this Item, you are not limited in the type of customers to whom you may sell approved products or services.

(*Item 17 starts on the next page.*)

# ITEM 17
# RENEWAL, TERMINATION, TRANSFER, AND DISPUTE RESOLUTION THE FRANCHISE RELATIONSHIP

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

| Provision | | Section in Franchise Agreement | Summary |
|---|---|---|---|
| (a) | Length of the franchise term | Section 2.A. | The term is five (5) years from the effective date of the Franchise Agreement. |
| (b) | Renewal or extension of the term | Section 2.B. | If you are in good standing, you may elect to continue operating the franchise for two additional, consecutive five-year successor terms. You must pay us a renewal fee equal to 15% of our then-current initial franchise fee plus reimbursement of our legal and professional expenses. |
| (c) | Requirements for franchisee to renew or extend | Section 2.B. | Provide at least eight months but not more than 12 months prior to expiration of the initial term; you may not be in default of the Franchise Agreement or any other agreement with our affiliate; you may not be in default beyond the applicable cure period with any vendor or supplier; you should not have any past-due monetary obligations to us or our affiliates; you and employees must be in compliance with our then-current training requirements; you must demonstrate to us that you have sufficient financial resources and means to continue to operate the Franchised Business during the renewal term; you and all guarantors must execute our then-current form of general release, subject to applicable law; and you may not have a continued pattern of non-compliance as evidenced by repeated failed quality assurance evaluations, regardless of whether you have taken corrective action. If we grant you the right to a successor term, you must sign our then-current form of franchise agreement, which may be materially different than the current form and may reflect different royalty fees and advertising obligations. If you fail to satisfy the criteria for renewal, then we will have the right to unilaterally extend the initial term as necessary to comply with governing law. |
| (d) | Termination by franchisee | No provision | You have no contractual right to terminate the Franchise Agreement. However, you have the right to terminate the Franchise Agreement on any grounds available under applicable law. |
| (e) | Termination by franchisor without cause | No provision | Not applicable. |
| (f) | Termination by franchisor with "cause" | Article 18 | We can terminate only if you are in default.<br><br>Termination for cause of the Development Agreement allows us to terminate the Franchise Agreement. |

| Provision | Section in Franchise Agreement | Summary |
|---|---|---|
| (g) "Cause" defined-curable defaults | Section 18.C. | (1) You do not obtain or maintain all insurance coverage required, and you fail to cure within five (5) days after delivery of written notice of default; (2) The Designated Manager or Owners of the Franchised Business do not successfully complete initial training, in our sole judgment, and you fail to cure within ten (10) days after delivery of written notice of default; (3) You fail to commence operation of your Franchised Business by the Opening Date and fail to cure within ten days after delivery of written notice of default; (4) You or your affiliate fail to pay any monies owed to us, our affiliates, or your trade creditors when due and fail to cure within ten days after delivery of written notice of default. Any notice period required under applicable state statutes shall begin upon our first written notice to you of failure to pay any monies owed to us or our Affiliates; (5) You, directly or indirectly, revoke your participation in Franchisor's then-current electronic funds transfer program.; (6) You misuse the Proprietary Marks or the Intellectual Property, including without limitation by offering and selling unauthorized products or services under or in conjunction with the Proprietary Marks or Intellectual Property, and fail to correct the misuse within five days after delivery of written notice of default; (7) You infringe on the rights of third-parties, including unauthorized use of third-party trademarks, service marks, patents, copyrights, and all other intellectual property, and fail to cure immediately after Franchisor's written or verbal notice, depending on the severity of such infringement; (8) The Franchised Business is cited for violation of health, sanitation, or safety laws or regulations, and fails to cure the violation within five days after the date the citation is issued; (9) You purchase or use items for which we have identified Designated Suppliers from an unapproved source and fail to cure within the cure period specified in writing by Franchisor; (10) You purchase, use, or sell items not approved by the Franchisor and fail to cure within the cure period specified in writing by us; (11) You are not in compliance with federal, state, or local laws, including but not limited to employment, environmental, occupancy, or other laws that affect the day-to-day operations of your Franchised Business or fail to cure upon Franchisor's demand; (12) You fail to meet the Minimum Event Requirements and fail to cure within 30 days' written notice; (13) You fail to operate the Franchised Business during such days and hours specified in the Manuals and fail to cure upon Franchisor's demand; (14) You fail to produce within 10 calendar days books, records, and other accounts of the Franchised Business, federal, state, and local tax returns, sales tax returns, and such other forms, reports, |

| Provision | Section in Franchise Agreement | Summary |
|---|---|---|
| | | information, and data that Franchisor requests for an audit and do not cure such default within (5) calendar days, or otherwise refuse to permit Franchisor to inspect the books, records, or accounts of the Franchised Business and fail to cure upon Franchisor's demand; (15) You fail to rectify any violation of the brand Standards or requirements in the Manual within the required period, not to exceed 10 calendar days, as submitted to you by Franchisor in writing; (16) You engage in direct marketing activities or any other advertising in another Snapology franchisee's protected area, whether indirectly or directly, and fail to cease such disallowed marketing immediately upon notice from Franchisor; or (17) You fail to comply with any provision of this Agreement and fail to take appropriate corrective action within 30 days after delivery of Franchisor's written notice of default. |
| (h) "Cause" defined-non-curable defaults | Sections 18.A. and 18.B. | The Franchise Agreement will terminate automatically without notice and without an opportunity to cure upon the happening of certain bankruptcy or insolvency-related events, or upon foreclosure or lien against the assets of the Franchised Business.<br>We may terminate the Franchise Agreement without providing you an opportunity to cure for: (1) your abandonment of the Franchised Business, which is your failure to operate the Franchised Business on three or more consecutive days or if you otherwise convey an intention to close the Franchised Business; (2) making of any false or materially misleading representations in your franchise application or during the franchise application process; (3) you or any of your owners or affiliates' indictment, being held liable for, or conviction by a court of law, plea of no contest to, a felony, indictable offense or other unlawful act, engages in any dishonest or unethical conduct or otherwise engages in any conduct which we believe will materially and adversely affect the reputation of the Brand, the SNAPOLOGY franchise system, any other Snapology Business, or the goodwill associated with the Proprietary Marks; (4) violation of any governing law or revocation or suspension of any necessary license or certification, in whole or in part; (5) violation of any confidentiality or non-compete obligations by you or any Owner; (6) knowingly maintaining false books or records or submit any false reports or statements to us; (7) failure of two consecutive quality assurance inspections during any rolling 12-month period or fails three quality assurance inspections during any rolling 24-month period; (8) termination for cause of any agreement between us and you or your affiliate, including but not limited to any franchise agreement or area |

| Provision | Section in Franchise Agreement | Summary |
|---|---|---|
| | | development agreement; (9) delivery of three or more notices of default during any rolling 24-month period, whether or not the event(s) of default described in such notices ultimately are cured; (10) transfer or attempted transfer in violation of Article 17 of the Franchise Agreement; (11) posing an imminent threat or danger to public health or safety results from the operation of the Franchised Business; (12) Failure to follow our instructions or protocol upon a Crisis Management Event; (13) utilizing unapproved non-cash payment systems in the Franchised Business; (14) accepting or processing non-U.S. currency for products and services offered by the Franchised Business, including but not limited to cryptocurrency; or (15) Franchisee's breach of any material provision of this Agreement which breach is not susceptible to cure.<br><br>Termination for cause of the Development Agreement allows us to terminate the Franchise Agreement. |
| (i) Franchisee's obligations on termination /nonrenewal | Article 19 | Under the Franchise Agreement, obligations include payment of all amounts owed to us (including without limitation a lump sum payment of liquidated damages, described in Item 6), ceasing to hold yourself out as a franchisee or former franchisee; ceasing operating the Franchised Business; cancelling any assumed or fictious names containing the Proprietary Marks; surrendering the Manual and all other confidential information in your possession to us; transferring the Franchised Business' telephone number to us; at our option, assigning us your interest in the lease for the Franchised Business premises; sell to us any of the Franchised Business' assets we elect to purchase; notify members of the closure of your Franchised Business using our then-current form of notice and offering those members the option to terminate their membership and receive a pro rata refund; and comply with post term obligations (also see r, below). |
| (j) Assignment of the contract by franchisor | Section 17.A. | No restriction on our right to assign our interest in the Franchise Agreement or to transfer any of our assets. |
| (k) "Transfer" by franchisee- definition | Section 17.B. | Includes transfer of Franchise Agreement, transfer of the assets of the Franchised Business, and ownership changes. |
| (l) Franchisor's approval of transfer by franchisee | Section 17.B. | We have the right to approve all transfers but will not unreasonably withhold approval. |
| (m) Conditions for franchisor's | Section 17.B. | We may condition approval on satisfaction of the following: all monetary obligations must be satisfied; you must be in full |

| Provision | Section in Franchise Agreement | Summary |
|---|---|---|
| approval of transfer | | compliance with the Franchise Agreement and all other agreements; you and each owner must sign a then-current general release; the transferee must meet our Standards for new franchisees; the transferee must sign our then-current form of franchise agreement for the remainder of the franchise term left on your agreement; you must agree to remain liable for all pre-transfer obligations; the transferee must comply with our then-current training requirements and have satisfied all licensing and other requirements under local, state, and federal law; you or the transferee must provide a copy of the purchase and sale agreement for transfer of the Franchised business and the economic terms of the transfer may not, in our opinion, materially and adversely affect the post transfer viability of the Franchised Business; if you elect to participate in our resale program, you must comply with our then-current resale program requirements, including but not limited to executing our then-current resale program agreement and pay the resale program fee; and if we require, the transferee must conduct grand opening marketing upon closing of the transfer. |
| (n) Franchisor's right of first refusal to acquire franchisee's business | Section 17.G. | We may match any bona fide offer to purchase your business. |
| (o) Franchisor's option to purchase franchisee's business | Section 19.B. | Not applicable. |
| (p) Death or disability of franchisee | Section 17.H. | We will consent to the transfer of the affected Owner's equity interest in the Franchisee to his or her spouse or heirs, whether such transfer is made by will or by operation of law, if, in our sole discretion and judgment, the transferee meets our educational, managerial and business standards; possesses a good moral character, business reputation and credit rating; has the aptitude and ability to conduct the Franchised Business, including attending applicable training; has at least the same managerial and financial criteria required by new franchisees; and has sufficient equity capital to operate the Franchised Business. If we do not approve such transfer, then the executor, administrator, or personal representative of such person shall transfer the affected Owner's equity interest to a third-party approved by Franchisor within six months after such death, mental incapacity, or disability. A transfer under these circumstances is still subject to our right of first refusal and to the same conditions as any *inter vivos* transfer. |

| Provision | Section in Franchise Agreement | Summary |
|---|---|---|
| (q) Non-competition covenants during the term of the franchise | Sections 14.B. and 14.C. | Neither you nor any owner may be involved in any Competitive Business anywhere within the United States, its territories or commonwealths, or any other country, province, state, or geographic area in which Franchisor or its affiliates have used, sought registration of, or registered the Proprietary Marks or similar marks.<br>A "Competitive Business" means any business that provides curriculum-based courses, events, classes, and experiences using building toys, robotics, animation, coding, games, and engineering techniques, services, and products. A Competitive Business also includes any business acting as an area representative, franchise broker, business broker, franchise seller, area representative or the like for any business franchising or licensing Competitive Businesses other than us. |
| (r) Noncompetition covenants after the franchise is terminated or expires | Sections 14.B. and 14.C. | For a two (2) year period following termination or expiration of the franchise, neither you nor any owner may be involved in any Competitive Business that either (a) is, or is intended to be, located (i) in the Protected Area in which the Snapology Business was operated; or (ii) within 25 miles of the location of any other Snapology Business operating under the System and Proprietary Marks in existence or under development at the time of such termination or transfer; or (b) delivers services through the internet or mobile channels to customers within the borders of the Protected Area in which the Franchised Business was operated. |
| (s) Modification of the agreement | Section 22.B. | The Franchise Agreement may be modified only by a written document signed by both parties. This provision does not limit our right to modify the operations manual or system specifications. |
| (t) Integration/merger clauses | Section 22.A. | The Franchise Agreement and its Attachments constitute the full and final agreement and are binding (subject to state law). Any other promises or statements may not be enforceable.<br>No claim made in the Franchise Agreement is intended to disclaim the express representations made in this disclosure document. |
| (u) Dispute resolution by arbitration or mediation | Section 23.G. | Except for certain claims, all disputes must be arbitrated in Texas. Subject to state law. |
| (v) Choice of forum | Section 23.G(9) | Litigation must be instituted and maintained in the state or federal courts serving the district in which we maintain our principal headquarter at the time litigation is initiated (currently Tarrant County, Texas) (subject to applicable state law). |
| (w) Choice of law | Section 23.A. | Texas law applies (subject to applicable state law). |

| Provision | Section in Development Agreement | Summary |
|---|---|---|
| a. Length of the franchise term | Section 2.A. | Unless sooner terminated, the term will commence on the effective date of the Development Agreement and will expire on the earlier of (i) the date you execute the final Franchise Agreement in accordance with the Development Schedule; or (ii) on the last projected opening date identified in the Development Schedule in Attachment B to the Development Agreement. |
| b. Renewal or extension | No provision | Not Applicable |
| c. Requirement for Developer to renew or extend | No provision | Not Applicable |
| d. Termination by Developer | No provision | You have no contractual right to terminate the Development Agreement. However, you have the right to terminate the Development Agreement on any grounds available under applicable law. |
| e. Termination by franchisor without cause | No provision | Not applicable. |
| f. Termination by franchisor with cause | Article 9 | We can only terminate if you are in default.<br><br>An uncured default under the Franchise Agreement is considered a default under the Development Agreement and an independent basis for our termination of the Development Agreement. |
| g. "Cause" defined – curable defaults | Sections 9.3. and 9.4. | You will have 10 days to cure the following upon our written notice: (a) failure to obtain or maintain required insurance coverage at the Franchised Business; (b) failure to pay any amounts due to us; (c) failure to pay any amounts due to your trade creditors (unless such amount is subject to a bona fide dispute); (d) failure to pay any amounts for which hawse have advanced funds for or on your behalf, or upon which we are acting as guarantor of your obligations; (e) misappropriate, misuse, or otherwise utilize the Marks and Confidential Information in a way not authorized by us; and (f) if an approved transfer is not effected within the designated time frame following a death or permanent incapacity (mental or physical). You will have 30 days to cure any other curable defaults upon delivery of our written notice.<br><br>An uncured default under the Franchise Agreement is considered a default under the Development Agreement and an independent basis for our termination of the Development Agreement. |

| Provision | Section in Development Agreement | Summary |
| --- | --- | --- |
| h. “Cause” defined – non-curable defaults | Sections 9.1. and 9.2. | The Development Agreement will terminate automatically without notice and without an opportunity to cure upon the happening of certain bankruptcy or insolvency-related events, or upon foreclosure or lien against your assets.<br>We may terminate the Franchise Agreement without providing you an opportunity to cure if (a) you fail to meet the Development Schedule; (b) you or any Owner is convicted of, or pleads no contest to, a felony, a crime involving moral turpitude, or any other crime or offense that Franchisor believes is reasonably likely to have an adverse effect on the System; (c) there is any transfer or attempted transfer in violation of the Development Agreement; (d) you or any Owner fails to comply with the confidentiality or non-compete covenants; (e) you or any Owner has made any material misrepresentations in connection with your developer application; or (f) we deliver to you three or more written notices of default within any rolling 12-month period, whether or not the defaults described in such notices ultimately are cured.<br><br>An uncured default under the Franchise Agreement is considered a default under the Development Agreement and an independent basis for our termination of the Development Agreement. |
| i. Developer’s obligations on termination/ non-renewal | Section 9.7. | You will have no right to establish or operate any Snapology business for which a Franchise Agreement has not been executed by us at the time of termination or expiration. Our remedies for your breach of the Development Agreement shall include, without limitation, your loss of its right to develop additional Snapology businesses under the Development Agreement, and our retention of all development fees paid or owed by you. Upon termination or expiration, we shall be entitled to establish, and to franchise others to establish Snapology businesses in the Development Area, except as may be otherwise provided under any franchise agreement which has been executed between us and you or your affiliates. In addition, if the Development Agreement is terminated due to a breach by you, you will be required to pay us liquidated damages for breach of that agreement. |
| j. Assignment of contract by franchisor | Section 8.1. | No restriction on our right to assign our interest in the Development Agreement or to transfer any of our assets. |

| Provision | Section in Development Agreement | Summary |
| --- | --- | --- |
| k. “Transfer” by Developer – defined | Sections 8.2., 8.3., and 8.4. | Includes transfer of the Development Agreement, ownership changes, and transfer to an entity. |
| l. Franchisor approval of transfer by Developer | Sections 8.3. and 8.4. | We have the right to approve all transfers but will not unreasonably withhold approval. |
| m. Conditions for franchisor approval of transfer | Sections 8.3. and 8.4. | We may condition approval on satisfaction of the following: all monetary obligations must be satisfied; you have obtained our prior written consent and deliver the proposed transfer agreements to us; you must be in full compliance with the Development Agreement and all other agreements; you and each Owner must sign a release; the transferee must meet our standards for new developers; the transferee must sign our then-current form of development agreement for the remainder of the term left on your Development Agreement; the transferee must comply with our then-current training requirements; you must satisfy all of your accrued monetary obligations to us; you must pay us the corresponding transfer fee; you and the transferee must execute the consent to transfer agreement in the form we require; transferee and its Owners must sign our form of the Undertaking and Guaranty; and, if applicable, pay any fees related to any resale program that we maintain. |
| n. Franchisor’s right of first refusal to acquire Developer’s business | No provision | Not applicable. |
| o. Franchisor’s option to purchase Developer’s business | No provision | Not applicable. |
| p. Death or disability of Developer | Section 8.9. | Upon the death or permanent incapacity (mental or physical) of you or any Owner, the executor, administrator, or personal representative shall transfer such interest to a third party approved by us within six months after such death or mental incapacity. In the case of transfer by devise or inheritance, if the heirs or beneficiaries of any such person are unable to meet our requirements, the executor, administrator, or personal representative of the decedent may transfer the decedent’s interest to another party approved by us within six months. If the interest is not disposed of within such |

| Provision | Section in Development Agreement | Summary |
|---|---|---|
| | | period, we may, at our option, terminate the Development Agreement. |
| q. Non-competition covenants during the term of the franchise | Section 6.2. | Neither you nor any Owner may be involved in any Competitive Business. |
| r. Non-competition covenants after the franchise is terminated or expires | Section 6.3. | For a two (2) year period following termination or expiration of the Development Agreement, neither you nor any owner may be involved in any Competitive Business located (1) within the Development Area (other than the Franchised Businesses already open pursuant to the Development Schedule), or (2) within a 25-mile radius of any other Snapology business. |
| s. Modification of the agreement | Section 13.1. | The Development Agreement may be modified only by a written document signed by both parties. |
| t. Integration/ merger clause | Section 13.1. | The Development Agreement and its attachments constitute the full and final agreement. Any other promises or statements may not be enforceable.<br>No claim made in the Development Agreement is intended to disclaim the representations made in this Disclosure Document. |
| u. Dispute resolution by arbitration or mediation | Sections 11.2. and 11.3. | Except for certain claims, we and you must first mediate, and if unsuccessful, arbitrate all disputes within a five (5) mile radius of our principal headquarters at the time arbitration is initiated (subject to applicable state law). |
| v. Choice of forum | Section 11.4. | Litigation must be instituted and maintained in the state or federal courts serving the district in which we maintain our principal headquarters at the time litigation is initiated (currently Tarrant County, Texas) (subject to applicable state law). |
| w. Choice of law | Section 11.1. | Texas law applies (subject to applicable state law). |

## ITEM 18
## PUBLIC FIGURES

We do not currently use any public figure to promote its franchise. No public figure is currently involved in our management.

## ITEM 19
## FINANCIAL PERFORMANCE REPRESENTATIONS

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

## DEFINITIONS AND NOTES

(a) Company Owned Outlet means a Snapology Business owned directly or indirectly by us, or our affiliate.

(b) Franchise Outlet(s) means a Snapology Business operated in one or more territories under a single franchise or license agreement that is not a Company Owned Outlet.

(c) Gross Sales means the total revenue derived by each Snapology Business less sales tax, discounts, allowances and returns.

(d) Full-Time- as reported to us by the franchisee, the franchisee owner dedicates 32 hours or more per week to the operations of the Snapology Business.

(e) Part-Time – as reported to us by the franchisee, the franchisee owner dedicates fewer than 32 hours per week to the operations of the Snapology Business.

(f) Mobile Snapology – means a Snapology Business that offers and provides Services on a mobile basis at Third-Party Sites, such as schools, community centers, and commercial locations, that are authorized by us and that are located within the franchisee's Protected Area. This is the only opportunity currently offered in this Disclosure Document.

Data for our Franchise Outlets is based on unaudited financial information reported to us by our franchisees for the purpose of determining and calculating royalty fees due to us and financial performance. The information reported in this analysis is based on historical financial data.

## FRANCHISE OUTLETS

This analysis contains a historical representation of Gross Sales achieved by our Franchise Outlets operated as Full-Time Mobile Snapology Businesses. We only included data for Franchise Outlets that were open and in operation for the full 2025 calendar year. We do not report any results for i) Company-owned Snapology Businesses, ii) Part-Time Mobile Snapology Businesses, iii) Snapology business co-branded with and located in the same premises as an Affiliate Brand (previously referred to as "Classrooms"), and iv) Snapology free-standing retail centers (previously referred to as "Discovery Centers"). The option to operate Part-Time Mobile Snapology Businesses, Snapology Classrooms, and Snapology Discovery Centers are not offered in this Disclosure Document.

In the past, we awarded Protected Areas for Mobile Snapology Businesses that are geographically larger than the Protected Areas offered and available to you in this Disclosure Document or we allowed certain franchisees to operate in multiple Protected Areas under one franchise agreement. We also authorized some franchisees to operate in expanded Protected Areas through TOP Amendments, which allowed Mobile Snapology Businesses to offer their services outside of their Protected Areas in approved third-party sites. Within this Item 19, we offer two sets of data for Mobile Snapology Businesses: (i) overall financial performance for all reporting Mobile Snapology Businesses regardless of the number of children aged infant to 14 years old in, or the geographic size of, their Protected Areas or other permitted areas of operation (Table 1), and (ii) a subset of Mobile Snapology Businesses with a Protected Area encompassing approximately 50,000 children aged infant to 14 years old (Table 2), which is the offering in this Disclosure Document.

(*Item 19 continues on the next page.*)

## ALL FULL-TIME SNAPOLOGY BUSINESSES

| 2025 Calendar Year Gross Sales[1] | | | | | | |
|---|---|---|---|---|---|---|
| **First Quartile** | | | | | | |
| **Average** | **Median** | **High** | **Low** | **Locations** | **% of Locations Above Average** | **Number of Locations Above Average** |
| $279,820 | $185,154 | $602,333 | $134,513 | 13 | 30% | 4 |
| **Protected Area size (in terms of the number of children aged infant to 14 years old)** | | | | | | |
| 132,714 | 90,814 | 378,115 | 23,694 | 13 | 39% | 5 |
| **Second Quartile** | | | | | | |
| **Average** | **Median** | **High** | **Low** | **Locations** | **% of Locations Above Average** | **Number of Locations Above Average** |
| $99,862 | $95,905 | $134,473 | $78,635 | 13 | 46% | 6 |
| **Protected Area size (in terms of the number of children aged infant to 14 years old)** | | | | | | |
| 52,466 | 40,209 | 113,998 | 22,084 | 13 | 31% | 4 |
| **Third Quartile** | | | | | | |
| **Average** | **Median** | **High** | **Low** | **Locations** | **% of Locations Above Average** | **Number of Locations Above Average** |
| $59,918 | $57,139 | $75,795 | $47,459 | 13 | 46% | 6 |
| **Protected Area size (in terms of the number of children aged infant to 14 years old)** | | | | | | |
| 57,066 | 51,396 | 96,442 | 22,314 | 13 | 46% | 6 |
| **Fourth Quartile** | | | | | | |
| **Average** | **Median** | **High** | **Low** | **Locations** | **% of Locations Above Average** | **Number of Locations Above Average** |
| $20,842 | $18,451 | $45,381 | $2,289 | 14 | 43% | 6 |
| **Protected Area size (in terms of the number of children aged infant to 14 years old)** | | | | | | |
| 32,236 | 25,914 | 79,283 | 7,230 | 14 | 36% | 5 |

## SUBSET OF FULL-TIME MOBILE SNAPOLOGY BUSINESSES WITH PROTECTED AREA SIZE OF 50,000 CHILDREN AND BELOW

| 2025 Calendar Year Gross Sales[2] | | | | | | |
|---|---|---|---|---|---|---|
| **Average** | **Median** | **High** | **Low** | **Locations** | **% of Locations Above Average** | **Number of Locations Above Average** |
| $77,917 | $51,447 | $602,333 | $2,289 | 29 | 37.9% | 11 |
| **Projected Area Size (in terms of the number of children aged infant to 14 years old)** | | | | | | |
| 30,348 | 31,605 | 48,540 | 7,230 | 29 | 51.7% | 15 |

Note 1. Out of a total of 129 franchised Snapology Businesses open at the end of 2025, we excluded 76 units for the following reasons: i) 9 Snapology Businesses were not open the entire fiscal year 2025, ii) 5 units closed or terminated in fiscal year 2024, iii) 5 units were Classrooms; iv) 22 units were Discovery Centers; and v) 35 Snapology Businesses were Part-Time Mobile Snapology Businesses, or did not report

data for the entire fiscal year 2025. Some Full-Time Mobile Snapology Business franchises were awarded several territories under one franchise agreement, as opposed to multiple franchise agreements, which is no longer offered under this disclosure document.

Note 2. These Full-Time Mobile Snapology Business franchisees were awarded Protected Areas having in the aggregate no more than 50,000 children aged infant to 14 years old, which is the current focus of our franchise offering for Full-Time Mobile Snapology Businesses.

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

Written substantiation for the financial performance representation will be made available to the prospective franchisee upon reasonable request.

Other than the preceding financial performance representation, Snapology, LLC does not make any financial performance representations. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting Joshua Wall, Chief Operating Officer, Unleashed Services, LLC, 2350 Airport Freeway, Suite 505, Bedford, Texas, 76022, 877.203.2192 or by email at franchising@unleashedbrands.com, the Federal Trade Commission, and the appropriate state regulatory agencies.

## ITEM 20
## OUTLETS AND FRANCHISEE INFORMATION

### TABLE NO. 1
### SYSTEM WIDE OUTLET SUMMARY
### FOR YEARS 2023 to 2025

| Outlet Type | Year | Outlets at the Start of the Year | Outlets at the End of the Year | Net Change |
|---|---|---|---|---|
| Franchised | 2023 | 85 | 103 | +18 |
| | 2024 | 103 | 120 | +17 |
| | 2025 | 120 | 129 | +9 |
| Company-Owned | 2023 | 3 | 2 | -1 |
| | 2024 | 2 | 1 | -1 |
| | 2025 | 1 | 1 | 0 |
| **Total Outlets** | 2023 | 88 | 105 | +17 |
| | 2024 | 105 | 121 | +16 |
| | 2025 | 121 | 130 | +9 |

*(Table No. 2 begins on next page)*

**TABLE NO. 2**
**TRANSFER OF OUTLETS FROM FRANCHISEES TO NEW OWNERS**
**(OTHER THAN THE FRANCHISOR)**
**FOR YEARS 2023 to 2025**

| State | Year | Number of Transfers |
|---|---|---|
| Alabama | 2023 | 1 |
| | 2024 | 0 |
| | 2025 | 0 |
| Florida | 2023 | 2 |
| | 2024 | 0 |
| | 2025 | 0 |
| Illinois | 2023 | 0 |
| | 2024 | 0 |
| | 2025 | 1 |
| Massachusetts | 2023 | 0 |
| | 2024 | 0 |
| | 2025 | 4 |
| New Jersey | 2023 | 0 |
| | 2024 | 1 |
| | 2025 | 0 |
| North Carolina | 2023 | 0 |
| | 2024 | 0 |
| | 2025 | 2 |
| Pennsylvania | 2023 | 1 |
| | 2024 | 0 |
| | 2025 | 0 |
| Utah | 2023 | 1 |
| | 2024 | 0 |
| | 2025 | 0 |
| Washington | 2023 | 0 |
| | 2024 | 1 |
| | 2025 | 1 |
| **Total** | 2023 | 5 |
| | 2024 | 2 |
| | 2025 | 8 |

## TABLE NO. 3
## STATUS OF FRANCHISED AND LICENSED OUTLETS
## FOR YEARS 2023 to 2025

| State | Year | Outlets at start of year | Outlets Opened | Terminations | Non Renewals | Reacquired by Franchisor | Ceased Operations for Other Reasons | Outlets at end of year |
|---|---|---|---|---|---|---|---|---|
| Alabama | 2023 | 2 | 0 | 0 | 0 | 0 | 0 | 2 |
| | 2024 | 2 | 0 | 0 | 0 | 0 | 0 | 2 |
| | 2025 | 2 | 0 | 0 | 0 | 0 | 0 | 2 |
| Arizona | 2023 | 2 | 0 | 0 | 0 | 0 | 1 | 1 |
| | 2024 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| | 2025 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| California | 2023 | 7 | 5 | 0 | 0 | 0 | 2 | 10 |
| | 2024 | 10 | 5 | 0 | 0 | 0 | 1 | 14 |
| | 2025 | 14 | 0 | 0 | 0 | 0 | 1 | 13 |
| Colorado | 2023 | 2 | 0 | 0 | 0 | 0 | 0 | 2 |
| | 2024 | 2 | 0 | 0 | 0 | 0 | 0 | 2 |
| | 2025 | 2 | 1 | 0 | 0 | 0 | 1 | 2 |
| Connecticut | 2023 | 1 | 1 | 0 | 0 | 0 | 0 | 2 |
| | 2024 | 2 | 0 | 0 | 0 | 0 | 0 | 2 |
| | 2025 | 2 | 0 | 0 | 0 | 0 | 0 | 2 |
| Delaware | 2023 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2024 | 0 | 1 | 0 | 0 | 0 | 0 | 1 |
| | 2025 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| Florida | 2023 | 11 | 2 | 0 | 0 | 0 | 0 | 13 |
| | 2024 | 13 | 1 | 0 | 0 | 0 | 5 | 9 |
| | 2025 | 9 | 2 | 0 | 0 | 0 | 1 | 10 |
| Georgia | 2023 | 3 | 1 | 0 | 0 | 0 | 0 | 4 |
| | 2024 | 4 | 1 | 0 | 0 | 0 | 0 | 5 |
| | 2025 | 5 | 1 | 0 | 0 | 0 | 0 | 6 |
| Idaho | 2023 | 0 | 1 | 0 | 0 | 0 | 0 | 1 |
| | 2024 | 1 | 1 | 0 | 0 | 0 | 0 | 2 |
| | 2025 | 2 | 0 | 0 | 0 | 0 | 0 | 2 |
| Illinois | 2023 | 3 | 0 | 0 | 0 | 0 | 0 | 3 |
| | 2024 | 3 | 0 | 0 | 0 | 0 | 0 | 3 |
| | 2025 | 3 | 0 | 0 | 0 | 0 | 0 | 3 |
| Indiana | 2023 | 2 | 0 | 0 | 0 | 0 | 2 | 0 |
| | 2024 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2025 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Iowa | 2023 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| | 2024 | 1 | 0 | 0 | 0 | 0 | 1 | 0 |
| | 2025 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Kansas | 2023 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2024 | 0 | 2 | 0 | 0 | 0 | 0 | 2 |
| | 2025 | 2 | 0 | 0 | 0 | 0 | 0 | 2 |

| State | Year | Outlets at start of year | Outlets Opened | Terminations | Non Renewals | Reacquired by Franchisor | Ceased Operations for Other Reasons | Outlets at end of year |
|---|---|---|---|---|---|---|---|---|
| Maryland | 2023 | 2 | 1 | 0 | 0 | 0 | 0 | 3 |
| | 2024 | 3 | 1 | 0 | 0 | 0 | 0 | 4 |
| | 2025 | 4 | 0 | 0 | 0 | 0 | 0 | 4 |
| Massachusetts | 2023 | 2 | 0 | 0 | 0 | 0 | 0 | 2 |
| | 2024 | 2 | 2 | 0 | 0 | 0 | 0 | 4 |
| | 2025 | 4 | 3 | 0 | 0 | 0 | 0 | 7 |
| Michigan | 2023 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| | 2024 | 1 | 0 | 0 | 0 | 0 | 1 | 0 |
| | 2025 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Minnesota | 2023 | 2 | 0 | 0 | 0 | 0 | 0 | 2 |
| | 2024 | 2 | 0 | 0 | 0 | 0 | 0 | 2 |
| | 2025 | 2 | 0 | 0 | 0 | 0 | 0 | 2 |
| Montana | 2023 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| | 2024 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| | 2025 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| Nebraska | 2023 | 0 | 1 | 0 | 0 | 0 | 0 | 1 |
| | 2024 | 1 | 1 | 0 | 0 | 0 | 0 | 2 |
| | 2025 | 2 | 0 | 0 | 0 | 0 | 0 | 2 |
| New Hampshire | 2023 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| | 2024 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| | 2025 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| New Jersey | 2023 | 3 | 1 | 0 | 0 | 0 | 0 | 4 |
| | 2024 | 4 | 2 | 0 | 0 | 0 | 0 | 6 |
| | 2025 | 6 | 1 | 0 | 0 | 0 | 0 | 7 |
| New York | 2023 | 3 | 0 | 0 | 0 | 0 | 0 | 3 |
| | 2024 | 3 | 2 | 0 | 0 | 0 | 0 | 5 |
| | 2025 | 5 | 0 | 0 | 0 | 0 | 0 | 5 |
| North Carolina | 2023 | 4 | 2 | 0 | 0 | 0 | 0 | 6 |
| | 2024 | 6 | 2 | 1 | 0 | 0 | 1 | 6 |
| | 2025 | 6 | 3 | 1 | 0 | 0 | 0 | 8 |
| Ohio | 2023 | 5 | 0 | 0 | 0 | 0 | 1 | 4 |
| | 2024 | 4 | 1 | 0 | 0 | 0 | 0 | 5 |
| | 2025 | 5 | 0 | 0 | 0 | 0 | 0 | 5 |
| Oklahoma | 2023 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| | 2024 | 1 | 0 | 0 | 0 | 0 | 1 | 0 |
| | 2025 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Oregon | 2023 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| | 2024 | 1 | 1 | 0 | 0 | 0 | 0 | 2 |
| | 2025 | 2 | 0 | 0 | 0 | 0 | 0 | 2 |
| Pennsylvania | 2023 | 4 | 0 | 0 | 0 | 0 | 0 | 4 |
| | 2024 | 4 | 1 | 0 | 0 | 0 | 0 | 5 |
| | 2025 | 5 | 1 | 0 | 0 | 0 | 0 | 6 |
| Rhode Island | 2023 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| | 2024 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| | 2025 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |

| State | Year | Outlets at start of year | Outlets Opened | Terminations | Non Renewals | Reacquired by Franchisor | Ceased Operations for Other Reasons | Outlets at end of year |
|---|---|---|---|---|---|---|---|---|
| South Carolina | 2023 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| | 2024 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| | 2025 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| Texas | 2023 | 15 | 4 | 1 | 0 | 0 | 2 | 16 |
| | 2024 | 16 | 4 | 0 | 0 | 0 | 4 | 16 |
| | 2025 | 16 | 0 | 0 | 0 | 0 | 0 | 16 |
| Utah | 2023 | 1 | 2 | 0 | 0 | 0 | 0 | 3 |
| | 2024 | 3 | 1 | 0 | 0 | 0 | 0 | 4 |
| | 2025 | 4 | 0 | 0 | 0 | 0 | 1 | 3 |
| Virginia | 2023 | 1 | 6 | 0 | 0 | 0 | 0 | 7 |
| | 2024 | 7 | 2 | 0 | 0 | 0 | 0 | 9 |
| | 2025 | 9 | 0 | 0 | 0 | 0 | 0 | 9 |
| Washington | 2023 | 2 | 0 | 0 | 0 | 0 | 0 | 2 |
| | 2024 | 2 | 1 | 0 | 0 | 0 | 0 | 3 |
| | 2025 | 3 | 2 | 0 | 0 | 0 | 0 | 5 |
| **Total** | 2023 | 85 | 27 | 1 | 0 | 0 | 6 | 103 |
| | 2024 | 103 | 32 | 1 | 0 | 0 | 14 | 120 |
| | 2025 | 120 | 14 | 1 | 0 | 0 | 4 | 129 |

**TABLE NO. 4**
**STATUS OF COMPANY OWNED OUTLETS**
**FOR YEARS 2023 to 2025**

| State | Year | Outlets at start of year | Outlets Opened | Outlets Reacquired by Franchisor | Outlets Closed | Outlets Sold to Franchisee | Outlets at end of year |
|---|---|---|---|---|---|---|---|
| Pennsylvania | 2023 | 1 | 0 | 0 | 1 | 0 | 0 |
| | 2024 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2025 | 0 | 0 | 0 | 0 | 0 | 0 |
| Texas | 2023 | 2 | 0 | 0 | 0 | 0 | 2 |
| | 2024 | 2 | 0 | 0 | 1 | 0 | 1 |
| | 2025 | 1 | 0 | 0 | 0 | 0 | 1 |
| **Total** | 2023 | 3 | 0 | 0 | 1 | 0 | 2 |
| | 2024 | 2 | 0 | 0 | 1 | 0 | 1 |
| | 2025 | 1 | 0 | 0 | 0 | 0 | 1 |

*(Table No. 5 begins on next page)*

**TABLE NO. 5**
**PROJECTED OPENINGS**
**AS OF DECEMBER 31, 2025**

| State | Franchise Agreement Signed but Outlet Not Opened | Projected New Franchised Outlet in the Next Fiscal Year | Projected New Company Owned Outlets in the Next Fiscal Year |
|---|---|---|---|
| Arkansas | 1 | 1 | 0 |
| California | 4 | 4 | 0 |
| Illinois | 1 | 1 | 0 |
| Maryland | 1 | 1 | 0 |
| Minnesota | 1 | 1 | 0 |
| New Jersey | 1 | 1 | 0 |
| New Mexico | 1 | 1 | 0 |
| North Carolina | 1 | 1 | 0 |
| Ohio | 1 | 1 | 0 |
| Texas | 1 | 1 | 0 |
| Virginia | 2 | 2 | 0 |
| **Total** | 15 | 15 | 0 |

We have entered into agreements with current and former franchisees that contain confidentiality provisions within the last three years. In some instances, current and former franchisees sign provisions restricting their ability to speak openly about their experience with Snapology. You may wish to speak with current and former franchisees but be aware that not all such franchisees will be able to communicate with you.

Exhibit F to this Disclosure Document contains a list of our then current Snapology franchisees and licensees as of the end of our most recently completed fiscal year. Exhibit F also contains a list of Snapology franchisees that had an outlet terminated, cancelled, not renewed or otherwise voluntarily or involuntarily ceased to do business under our franchise agreement during our most recently completed fiscal year or, who has not communicated with us within 10 weeks of the Issuance Date of this Disclosure Document. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

As of the date of this Disclosure Document, we have not established any franchisor sponsored or endorsed franchisee organizations.

## ITEM 21
## FINANCIAL STATEMENTS

Attached as Exhibit D to this disclosure document are the consolidated audited financial statements for the years ending December 31, 2025, 2024, and 2023 of UA Holdings, LLC, our parent company. A copy of the guaranty of UA Holdings, LLC is in Exhibit D. Our fiscal year end is December 31.

## ITEM 22
## CONTRACTS

Attached to this Disclosure Document are the following contracts:

Exhibit E Franchise Agreement, Attachments, and State-Specific Amendments
Exhibit H Sample Form of General Release

| | |
|---|---|
| Exhibit I | Development Agreement Attachments, and State Specific Amendments |
| Exhibit J | Sample Form of Assignment and Assumption Agreement |

## ITEM 23
## RECEIPTS

The last two pages of this Disclosure Document are detachable duplicate Receipts. Please sign and date both copies of the Receipt. Keep one signed copy of the Receipt for your file and return to us the other signed copy of the Receipt. The Receipt page also contains the names, addresses and telephone numbers of our franchise sellers or brokers.

(END OF DISCLOSURE DOCUMENT.)

**EXHIBIT A**
**TO THE SNAPOLOGY**
**FRANCHISE DISCLOSURE DOCUMENT**

**STATE SPECIFIC ADDENDA TO THE DISCLOSURE DOCUMENT**

**NO WAIVER OR DISCLAIMER OF RELIANCE IN CERTAIN STATES**

The following provision applies only to franchisees and franchises that are subject to the state franchise registration/disclosure laws in California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, or Wisconsin:

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

## CALIFORNIA FDD ADDENDUM

The following information applies to franchises and franchisees subject to the California Franchise Investment Act. Item numbers correspond to those in the main body:

THE CALIFORNIA FRANCHISE INVESTMENT LAW REQUIRES THAT A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE BE DELIVERED TOGETHER WITH THE FRANCHISE DISCLOSURE DOCUMENT.

THESE FRANCHISES WILL BE/HAVE BEEN REGISTERED (OR EXEMPT FROM REGISTRATION) UNDER THE FRANCHISE INVESTMENT LAW OF THE STATE OF CALIFORNIA. SUCH REGISTRATION DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION, OR ENDORSEMENT BY THE COMMISSIONER OF FINANCIAL PROTECTION AND INNOVATION NOR A FINDING BY THE COMMISSIONER THAT THE INFORMATION PROVIDED HEREIN IS TRUE, COMPLETE, AND NOT MISLEADING.

Our website (www.snapology.com; www.snapologyfranchising.com) has not been reviewed or approved by the California Department of Financial Protection and Innovation. Any complaints concerning the content of this website may be directed to the California Department of Financial Protection and Innovation at its website address www.dfpi.ca.gov.

Before the franchisor can ask you to materially modify your existing franchise agreement, Section 31125 of the California Corporations Code requires the franchisor to file a material modification application with the Department that includes a disclosure document showing the existing terms and the proposed new terms of your franchise agreement. Once the application is registered, the franchisor must provide you with that disclosure document with an explanation that the changes are voluntary.

1. Item 3, “Litigation,” is supplemented by the addition of the following:

   “The franchisor, any person or franchise broker in Item 2 of the FDD is not subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. 78a *et seq.*, suspending or expelling such persons from membership in such association or exchange.”

2. Item 6, “Other Fees,” is supplemented by the addition of the following statement:

   “The highest interest rate allowed by law in the State of California is ten (10%) percent.”

3. Item 12, “Territory” is supplemented by the addition of the following:

   “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.”

4. Item 17, “Renewal, Termination, Transfer and Dispute Resolution: The Franchise Relationship,” is supplemented by the addition of the following:

   A. California Business and Professions Code 20000 through 20043 establish the rights of the franchisee concerning termination, transfer, or non-renewal of a franchise. If the franchise agreement contains a provision that is inconsistent with the law, the law will control.

   B. The franchise agreement provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law. (11 U.S.C.A. Sec. 101 et seq.).

C. 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.

D. The franchise agreement requires binding arbitration. The arbitration will occur in Texas with the costs being borne by the franchisee and franchisor.

Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5 Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of a franchise agreement restricting venue to a forum outside the State of California.

E. The franchise agreement requires application of the laws of the State of Texas. This provision may not be enforceable under California law.

F. The franchise agreement contains a liquidated damages clause. Under California Civil Code Section 1671, certain liquidated damages are unenforceable.

G. The financial performance representation does 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 franchised business. Franchisees or former franchisees, listed in the Franchise Disclosure Document, may be one source of this information.

H. Under California law, an agreement between a seller and a buyer regarding the price at which the buyer can resell a product (known as vertical price-fixing or resale price maintenance) is illegal. Therefore, requirements on franchisees to sell goods or services at specific prices set by the franchisor may be unenforceable.

5. 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.

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

7. Franchisee owners must sign a personal guaranty, making you and your spouse individually liable for your financial obligations under the agreement if you are married. The guaranty will place you and your spouse's marital and personal assets at risk, perhaps including your house, if your franchise fails.

Each provision of this state specific appendix shall be effective only to the extent that with respect to such provision, the jurisdictional requirements of the California Franchise Investment Law are met independently without reference to this Addendum.

## CONNECTICUT FDD ADDENDUM

1. Item 3, "Litigation," is supplemented by the addition of the following:

A. Neither the Franchisor nor any person identified in Items 1 or 2 above has any administrative, criminal or material civil action (or a significant number of civil actions irrespective of materiality) pending against him alleging a violation of any franchise law, fraud, embezzlement, fraudulent conversion, restraint of trade, unfair or deceptive practices, business opportunity law, securities law, misappropriation of property or comparable allegations.

B. Neither the Franchisor nor any other person identified in Items 1 or 2 above has during the ten (10) year period immediately preceding the date of this Disclosure Document, been convicted of a felony or pleaded nolo contendere to a felony charge or been held liable in any civil action by final judgment, or been the subject of any material complaint or other legal proceeding where a felony, civil action, complaint or other legal proceeding involved violation of any franchise law, fraud, embezzlement, fraudulent conversion, restraint of trade, unfair or deceptive practices, business opportunity law, securities law, misappropriation of property or comparable allegations or which was brought by a present or former purchaser-investor or which involves or involved the business opportunity relationship.

C. Neither the Franchisor nor any person identified in Items 1 or 2 above is subject to any currently effective injunctive or restrictive order or decree relating to the franchise, or under any federal, state or Canadian franchise, securities, business opportunity, antitrust, trade regulation or trade practice law as a result of concluded or pending action or proceeding brought by a public agency, or is a party to a proceeding currently pending in which an order is sought, relating to or affecting business opportunity activities or the seller-purchaser-investor relationship, or involving fraud, including but not limited to, a violation of any business opportunity law, franchise law, securities law or unfair or deceptive practices law, embezzlement, fraudulent conversion, misappropriation of property or restraint of trade.

D. Neither Company nor any person identified in Item 2 above is subject to any currently effective order of any national securities association or national securities exchange (as defined in the Securities & Exchange Act of 1934) suspending or expelling these persons from membership in the association or exchange.

2. Item 4 "Bankruptcy," is supplemented by the addition of the following:

No entity or person listed in Items 1 and 2 of this Disclosure Document has, at any time during the previous ten (10) fiscal years (a) filed for bankruptcy protection, (b) been adjudged bankrupt, (c) been reorganized due to insolvency, or (d) been a principal, director, executive officer or partner of any other person that has so filed or was adjudged or reorganized, during or within one year after the period that the person held a position with the other person.

## ILLINOIS FDD ADDENDUM

By reading this disclosure document, you are not agreeing to, acknowledging, or making any representations whatsoever to the Franchisor and its affiliates.

Illinois law governs the Franchise Agreement.

In conformance with Section 4 of the Illinois Franchise Disclosure Act, any provision in a franchise agreement that designates jurisdiction and venue in a forum outside of the State of Illinois is void. However, a franchise agreement may provide for arbitration to take place outside of Illinois.

Your rights upon Termination and Non-Renewal of an agreement are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act.

In conformance with section 41 of the Illinois Franchise Disclosure Act, any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act or any other law of Illinois is void.

Read Item 3, Litigation, carefully. Do not rely on the disclosure document alone to understand your contract. Show your contract and this disclosure document to an advisor, like a lawyer or an accountant.

No statement, questionnaire or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of: (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on behalf of the Franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

## INDIANA FDD ADDENDUM

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

> Under Indiana Code Section 23-2-2.7-1(4), the franchisor will not obtain money, goods, services, or any other benefit from any other person with whom the franchisee does business, on account of, or in relation to, the transaction between the franchisee and the other person, other than for compensation for services rendered by the franchisor, unless the benefit is promptly accounted for, and transmitted by the franchisee.

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

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

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

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

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

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

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

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

## MARYLAND FDD ADDENDUM

1. **Item 17, Additional Disclosures.**

The Franchise Agreement and the Development Agreement require you to sign a general release as a condition of renewal or transfer of the franchise. This release will not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

A franchisee may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within three (3) years after the grant of the franchise.

The Franchise Agreement and Development Agreement provide that disputes are resolved through arbitration. A Maryland franchise regulation states that it is an unfair or deceptive practice to require a franchisee to waive its right to file a lawsuit in Maryland claiming a violation of the Maryland Franchise Law. In light of the Federal Arbitration Act, there is some dispute as to whether this forum selection requirement is legally enforceable.

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

## MINNESOTA FDD ADDENDUM

ADDITIONAL RISK FACTORS:

1. THESE FRANCHISES HAVE BEEN REGISTERED UNDER THE MINNESOTA FRANCHISE ACT. REGISTRATION DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE COMMISSIONER OF COMMERCE OF MINNESOTA OR A FINDING BY THE COMMISSIONER THAT THE INFORMATION PROVIDED HEREIN IS TRUE, COMPLETE AND NOT MISLEADING.

2. THE MINNESOTA FRANCHISE ACT MAKES IT UNLAWFUL TO OFFER OR SELL ANY FRANCHISE IN THIS STATE WHICH IS SUBJECT TO REGISTRATION WITHOUT FIRST PROVIDING TO THE PROSPECTIVE FRANCHISEE, AT LEAST 7 DAYS PRIOR TO THE EXECUTION BY THE PROSPECTIVE FRANCHISEE OF ANY BINDING FRANCHISE OR OTHER AGREEMENT, OR AT LEAST 7 DAYS PRIOR TO THE PAYMENT OF ANY CONSIDERATION BY THE FRANCHISEE, WHICHEVER OCCURS FIRST, A COPY OF THIS PUBLIC OFFERING STATEMENT, TOGETHER WITH A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE FRANCHISE. THIS PUBLIC OFFERING STATEMENT CONTAINS A SUMMARY ONLY OF CERTAIN MATERIAL PROVISIONS OF THE FRANCHISE AGREEMENT. THE CONTRACT OR AGREEMENT SHOULD BE REFERRED TO FOR AN UNDERSTANDING OF ALL RIGHTS AND OBLIGATIONS OF BOTH THE FRANCHISOR AND THE FRANCHISEE.

AMENDMENT OF FDD DISCLOSURES:

A. Item 13, “Trademarks,” is supplemented by the addition of the following: As required by the Minnesota Franchise Act, Minn. Stat. Sec. 80C.12(g), we will reimburse you for any costs incurred by you in the defense of your right to use the marks, so long as you were using the marks in the manner authorized by us, and so long as we are timely notified of the claim and given the right to manage the defense of the claim including the right to compromise, settle or otherwise resolve the claim, and to determine whether to appeal a final determination of the claim.

B. Item 17, “Renewal, Termination, Transfer and Dispute Resolution,” is supplemented by the addition of the following: With respect to franchises governed by Minnesota law, we will comply with Minn. Stat. Sec. 80C.14, Subds. 3, 4 and 5, which require, except in certain specified cases, that you be given 90 days-notice of termination (with 60 days to cure) and 180 days-notice of non-renewal of the Agreement.

C. Item 17 “Renewal, Termination, Transfer and Dispute Resolution,” is supplemented by the addition of the following: Item 17 shall not provide for a prospective general release of claims against us that may be subject to the Minnesota Franchise Law. Minn. Rule 2860.4400D prohibits a franchisor from requiring a franchisee to assent to a general release.

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

## NEW YORK FDD ADDENDUM

1. The following information is added to the cover page of the Franchise Disclosure Document:

**INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT A OR YOUR PUBLIC LIBRARY FOR SERVICES OR INFORMATION. REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT NEW YORK STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS FRANCHISE DISCLOSURE DOCUMENT. IF YOU LEARN THAT ANYTHING IN THIS FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND THE APPROPRIATE STATE OR PROVINCIAL AUTHORITY. THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE FRANCHISE DISCLOSURE DOCUMENT. HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS WHICH ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.**

2. The following is added at the end of Item 3:

Except as provided above, with regard to the franchisor, its predecessor, a person identified in Item 2, or an affiliate offering franchises under the franchisor's principal trademark:

A. No such party has an administrative, criminal or civil action pending against that person alleging: a felony, a violation of a franchise, antitrust, or securities law, fraud, embezzlement, fraudulent conversion, misappropriation of property, unfair or deceptive practices, or comparable civil or misdemeanor allegations.

B. No such party has pending actions, other than routine litigation incidental to the business, which are significant in the context of the number of franchisees and the size, nature or financial condition of the franchise system or its business operations.

C. No such party has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the 10 year period immediately preceding the application for registration, has been convicted of or pleaded nolo contendere to a misdemeanor charge or has been the subject of a civil action alleging: violation of a franchise, antifraud, or securities law; fraud; embezzlement; fraudulent conversion or misappropriation of property; or unfair or deceptive practices or comparable allegations.

D. No such party is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under a Federal, State, or Canadian franchise, securities, antitrust, trade regulation or trade practice law, resulting from a concluded or pending action or proceeding brought by a public agency; or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent.

3. The following is added to the end of **Item 4**:

Neither the franchisor, its affiliate, its predecessor, officers, or general partner during the 10-year period immediately before the date of the offering circular: (a) filed as debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code; (b) obtained a discharge of its debts under the bankruptcy code; or (c) was a principal officer of a company or a general partner in a partnership that either filed as a debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy

Code or that obtained a discharge of its debts under the U.S. Bankruptcy Code during or within 1 year after that officer or general partner of the franchisor held this position in the company or partnership.

4. The following is added to the end of **Item 5**:

The initial franchise fee constitutes part of our general operating funds and will be used as such in our discretion.

5. The following is added to the end of the "Summary" sections of **Item 17(c)**, titled "**Requirements for franchisee to renew or extend**," and Item 17(m), entitled "**Conditions for franchisor approval of transfer"**:

However, to the extent required by applicable law, all rights you enjoy and any causes of action arising in your favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force; it being the intent of this proviso that the non-waiver provisions of General Business Law Sections 687.4 and 687.5 be satisfied.

6. The following language replaces the "Summary" section of **Item 17(d)**, titled "Termination by franchisee"**:**

You may terminate the agreement on any grounds available by law.

7. The following is added to the end of the "Summary" section of **Item 17(j)**, titled "**Assignment of contract by franchisor"**:

However, no assignment will be made except to an assignee who in good faith and judgment of the franchisor, is willing and financially able to assume the franchisor's obligations under the Franchise Agreement.

8. The following is added to the end of the "Summary" sections of **Item 17(v)**, titled "**Choice of forum"**, and Item 17(w), titled "**Choice of law"**:

The foregoing choice of law should not be considered a waiver of any right conferred upon the franchisor or upon the franchisee by Article 33 of the General Business Law of the State of New York.

## RHODE ISLAND FDD ADDENDUM

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

A. The Rhode Island Franchise Investment Act, R.I. Gen. Law Ch. 395 Sec. 19-28.1-14 provides that a provision in a Franchise Agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under the Rhode Island Franchise Investment Act.

B. Any general release as a condition of renewal, termination or transfer will be void with respect to claims under the Rhode Island Franchise Investment Act.

## VIRGINIA FDD ADDENDUM

1. Item 17(h) is supplemented by the addition of the following:

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

2. The following language is added to the end of the "Summary" section of Item 17(r) of the Franchise Disclosure Document, captioned "Non-competition covenants after the franchise is terminated or expires":

   Effective July 1, 2026, under subdivision A 4 of § 13.1-563 of the Virginia Retail Franchising Act ("Act"), it is unlawful to offer or enter into a franchise agreement that restricts the right of a franchisee to engage in the business of offering, selling, or distributing goods or services at retail after termination or expiration of the franchise agreement. However, subsection B of § 13.1-563 of the Act provides that if a franchisee sells a franchise at a mutually agreed upon price to a third party or back to the franchisor, such sale may include a term restricting the right of such franchisee to engage in the business of offering, selling, or distributing goods or services at retail for a period of no more than two years after such sale.

3. The following language is added to the end of the "Summary" section of Item 17(w) of the Franchise Disclosure Document, captioned "Choice of Law":

   Effective July 1, 2026, under subsection D of § 13.1-559 of the Virginia Retail Franchising Act, for all franchises located in Virginia, the franchise contract or agreement offered or entered into pursuant to terms of this chapter shall be governed by the laws of the Commonwealth of Virginia.

4. The following paragraph is added to the end of Item 17 of the Franchise Disclosure Document:

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

**WASHINGTON ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT, THE FRANCHISE AGREEMENT, DEVELOPMENT 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. **Use of Franchise Brokers.** The franchisor uses the services of franchise brokers to assist it in selling franchises. A franchise broker represents the franchisor and is paid a fee for referring prospects to the franchisor and/or selling the franchise. Carefully evaluate any information provided by a franchise broker about a franchise. Do your own investigation by contacting the franchisor's current and former franchisees to ask them about their experience with the franchisor.

20. **Fees.** The following language is added to the end of Items 5 and 7 of the Franchise Disclosure Document:

> Based upon our financial condition, the Washington Securities Division has required a financial assurance. Therefore, in lieu of an impound of franchise fees, we will not require or accept the payment of any initial franchise fees until you (a) have received all pre-opening and initial training obligations that you are entitled to under the franchise agreement or offering circular, and (b) are open for business.
>
> In addition, because we have material pre-opening obligations with respect to each franchised business you open under the Development Agreement, payment of the development fee will be released proportionally with respect to each franchise outlet opened and is deferred until we have met all our pre-opening obligations under the Franchise Agreement and you are open for business with respect to each such location.

The undersigned parties do hereby acknowledge receipt of this Addendum.

| | |
|---|---|
| **FRANCHISOR:** | **FRANCHISEE:** |
| SNAPOLOGY, LLC, | ___________________________________ |
| a Pennsylvania limited liability company | a |
| By: ___________________________________ | By: ___________________________________ |
| Ani Mehta, its President | _________________, its _________________ |
| **FRANCHISOR:** | **DEVELOPER:** |
| SNAPOLOGY, LLC, | ___________________________________ |
| a Pennsylvania limited liability company | a |
| By: ___________________________________ | By: ___________________________________ |
| Ani Mehta, its President | _________________, its _________________ |

## WISCONSIN FDD ADDENDUM

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

> The Wisconsin Fair Dealership Law Title XIV-A Ch. 135, Section 135.01-135.07 may affect the termination provision of the Franchise Agreement.

**EXHIBIT B**
**TO THE SNAPOLOGY**
**FRANCHISE DISCLOSURE DOCUMENT**

## LIST OF STATE AGENCIES AND AGENTS FOR SERVICE OF PROCESS

If a state is not listed, we have not appointed an agent for service of process in that state in connection with the requirements of the franchise laws. There may be states in addition to those listed below in which we have appointed an agent for service of process. There also may be additional agents appointed in some of the states listed below.

Our agent for service of process in Texas is:

Snapology, LLC
Attn: Registered Agents Inc.
5900 Balcones Drive, Suite 100
Austin, Texas 78731

| STATE | STATE REGULATORY AGENCY | AGENT TO RECEIVE PROCESS IN STATE, IF DIFFERENT THAN THE STATE REGULATORY AGENCY |
|---|---|---|
| California | Commissioner of Department of Financial Protection & Innovation<br>(866) 275-2677<br><br>*Los Angeles*<br>320 West 4th Street<br>Suite 750<br>Los Angeles, CA  90013-2344<br>(213) 897-2085<br><br>*Los Angeles*<br>300 S. Spring Street<br>Suite 15513<br>Los Angeles, CA  90013-1259<br>(213) 897-2085<br><br>*Sacramento*<br>651 Bannon Street, Suite 300<br>Sacramento, CA  95811<br>(916) 445-7205<br><br>*San Diego*<br>1455 Frazee Road<br>Suite 315<br>San Diego, CA  92108<br>(619) 610-2093<br><br>*San Francisco*<br>One Sansome Street, Suite 600<br>San Francisco, CA  94104-4428<br>(415) 972-8565 | |
| Hawaii | Department of Commerce and Consumer Affairs<br>Business Registration Division<br>Commissioner of Securities<br>335 Merchant Street<br>Room 205<br>Honolulu, Hawaii 96813<br>(808) 586-2722 | Commissioner of Securities<br>Department of Commerce and Consumer Affairs<br><br>Business Registration Division<br>Securities Compliance Branch<br>335 Merchant Street, Room 203<br>Honolulu, Hawaii 96813<br>(808) 586-2722 |
| Illinois | Franchise Bureau<br>Office of Attorney General<br>500 South Second Street<br>Springfield, IL 62706<br>(217) 782-4465 | |

| STATE | STATE REGULATORY AGENCY | AGENT TO RECEIVE PROCESS IN STATE, IF DIFFERENT THAN THE STATE REGULATORY AGENCY |
|---|---|---|
| Indiana | Indiana Securities Division<br>Secretary of State<br>Franchise Section<br>Room E-111<br>302 W. Washington Street<br>Indianapolis, Indiana 46204<br>(317) 232-6681 | Indiana Secretary of State<br>200 West Washington Street,<br>Room 201<br>Indianapolis, IN 46204 (317) 232-6531 |
| Maryland | Office of the Attorney General<br>Securities Division<br>200 St. Paul Place<br>Baltimore, MD 21202-2021<br>(410) 576-6360 | Maryland Securities Commissioner<br>Office of the Attorney General –<br>200 St. Paul Place<br>Baltimore, Maryland 21202-2021<br>(410) 576-6360 |
| Michigan | Michigan Department of Attorney General,<br>Corporate Oversight Division –<br>Franchise Section,<br>525 W. Ottawa Street, G. Mennen Williams Building, 5th Floor, Lansing, Michigan 48913,<br>517-335-7622 | |
| Minnesota | Minnesota Department of Commerce<br>Securities Unit<br>85 7th Place East, Suite 280<br>St. Paul, Minnesota 55101-2198<br>(651) 539-1600<br>(800) 657-3602 | Minnesota Department of Commerce<br>85 7th Place East, Suite 280<br>Saint Paul, Minnesota 55101-2198<br>(651) 539-1600 |
| New York | NYS Department of Law<br>Investor Protection Bureau<br>28 Liberty Street, 21st Floor<br>New York, New York 10005<br>(212) 416-8222 | Secretary of State<br>New York Department of State<br>One Commerce Plaza<br>99 Washington Avenue, 6th Floor<br>Albany, NY 12231<br>(518)-473-2492 |
| North Dakota | North Dakota Insurance & Securities Department<br>600 East Boulevard<br>Bismarck, ND 58505-0510<br>(701) 328-2910 | Insurance Commissioner<br>North Dakota Insurance & Securities Department<br>600 East Boulevard<br>Bismarck, ND 58505-0510<br>(701) 328-2910 |
| Oregon | Oregon Division of Financial Regulation<br>350 Winter Street NE, Suite 410<br>Salem, Oregon 97301<br>(503) 378-4140 | |

| STATE | STATE REGULATORY AGENCY | AGENT TO RECEIVE PROCESS IN STATE, IF DIFFERENT THAN THE STATE REGULATORY AGENCY |
|---|---|---|
| Rhode Island | Department of Business Regulation<br>Securities Division<br>1511 Pontiac Avenue<br>John O. Pastore Complex–69-1<br>Cranston, RI 02920-4407<br>(401) 462-9500 | |
| South Dakota | Division of Insurance<br>Securities Regulation<br>124 S. Euclid, Suite 104<br>Pierre, SD 57501<br>(605) 773-3563 | |
| Virginia | State Corporation Commission<br>Division of Securities and Retail Franchising<br>Tyler Building<br>1300 East Main Street<br>9th Floor<br>Richmond, VA 23219<br>(804) 371-9051 | Clerk<br>State Corporation Commission<br>1300 East Main Street, 1st Floor<br>Richmond, VA 23219<br>(804) 371-9733 |
| Washington | Department of Financial Institutions<br>Securities Division<br>P.O. Box 41200<br>Olympia, WA 98504-1200<br>(360) 902-8700 | Department of Financial Institutions<br>150 Israel Road SW<br>Tumwater, WA 98501<br>1 (877) 746-4334 |
| Wisconsin | Division of Securities<br>Department of Financial Institutions<br>4822 Madison Yards Way,<br>North Tower<br>Madison, Wisconsin 53705<br>(608) 266-0448 | Administrator, Division of Securities<br>Department of Financial Institutions<br>4822 Madison Yards Way,<br>North Tower<br>Madison, Wisconsin 53705<br>(608) 266-2139 |

**EXHIBIT C**
**TO THE SNAPOLOGY**
**FRANCHISE DISCLOSURE DOCUMENT**

**OPERATIONS MANUAL TABLE OF CONTENTS**

**Snapology, LLC**
**Franchise Operations Manual**

**Articles** **Page No.**

**EXHIBIT D**
**TO THE SNAPOLOGY**
**FRANCHISE DISCLOSURE DOCUMENT**

**FINANCIAL STATEMENTS**

# UA Holdings, LLC and Subsidiaries

Consolidated Financial Statements as of and for the Years Ended December 31, 2025 and 2024, and Independent Auditor's Report

# UA HOLDINGS, LLC AND SUBSIDIARIES

## TABLE OF CONTENTS

Deloitte.

Deloitte & Touche LLP

Dallas Arts Tower
2200 Ross Avenue, Suite 1600
Dallas, TX 75201

www.deloitte.com

# INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of UA Holdings, LLC

## Opinion

We have audited the consolidated financial statements of UA Holdings, LLC and subsidiaries (the "Company"), which comprise the consolidated balance sheets as of December 31, 2025 and 2024, and the related consolidated statements of operations, changes in members' equity, and cash flows for the years then ended, and the related notes to the consolidated financial statements (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2025 and 2024, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

## Basis for Opinion

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

## Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for one year after the date that the financial statements are issued.

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

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Deloitte & Touche LLP

April 16, 2026

# UA HOLDINGS, LLC AND SUBSIDIARIES

## CONSOLIDATED BALANCE SHEETS
## AS OF DECEMBER 31, 2025 AND 2024
## (In thousands, except unit and par value data)

| | 2025 | 2024 |
|---|---|---|
| **ASSETS** | | |
| CURRENT ASSETS: | | |
| Cash and cash equivalents | $ 5,827 | $ 7,126 |
| Restricted cash | 1,996 | 6,018 |
| Investments—at fair value | - | 4,376 |
| Accounts receivable—net | 20,351 | 24,645 |
| Inventory | 832 | 598 |
| Deferred attraction costs | 5,397 | 20,258 |
| Deferred initial franchise fee costs—current | 1,074 | 946 |
| Deferred income taxes | - | 492 |
| Prepaids and other current assets | 3,833 | 5,173 |
| Total current assets | 39,310 | 69,632 |
| DEFERRED INITIAL FRANCHISE FEE COSTS—Net of current maturities | 11,745 | 12,329 |
| OPERATING LEASE RIGHT-OF-USE ASSET—Net | 20,881 | 25,256 |
| PROPERTY AND EQUIPMENT—Net | 21,484 | 11,690 |
| GOODWILL—Net | 316,282 | 331,381 |
| INTANGIBLE ASSETS—Net | 410,074 | 432,462 |
| OTHER ASSETS | 845 | 388 |
| TOTAL ASSETS | $ 820,621 | $ 883,138 |
| **LIABILITIES AND MEMBERS' EQUITY** | | |
| CURRENT LIABILITIES: | | |
| Accounts payable | $ 4,829 | $ 5,722 |
| Accrued liabilities | 10,998 | 14,673 |
| Membership liabilities | 1,942 | 2,768 |
| Operating lease liability—current | 4,181 | 4,699 |
| Marketing funds | 118 | 3,703 |
| Deferred attractions revenues | 10,050 | 14,900 |
| Deferred franchise fee revenues—current | 4,186 | 3,505 |
| Unpaid insurance losses and loss adjustment expenses | 13,083 | 6,080 |
| Notes payable—current | 4,253 | 4,093 |
| Total current liabilities | 53,640 | 60,143 |
| OPERATING LEASE LIABILITY—Net of current portion | 18,682 | 31,039 |
| CONTRACT LIABILITIES—Net of current portion | 53,825 | 51,751 |
| NOTES PAYABLE—Net of current portion | 402,474 | 389,199 |
| Total liabilities | 528,621 | 532,132 |
| MEMBERS' EQUITY: | | |
| Members' equity: | | |
| Preferred units, $1,000 par value—312,968 and 312,968 authorized, issued, and outstanding | 304,582 | 313,777 |
| Common units, $1,000 par value—495,000 authorized; 247,117 and 234,742 issued, and outstanding, respectiv | 181,204 | 165,447 |
| Accumulated deficit | (193,786) | (128,218) |
| Total members' equity | 292,000 | 351,006 |
| TOTAL LIABILITIES AND MEMBERS' EQUITY | $ 820,621 | $ 883,138 |

# UA HOLDINGS, LLC AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF OPERATIONS
## FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024
## (In thousands)

| | 2025 | 2024 |
|---|---|---|
| REVENUES: | | |
| Royalty revenues | $ 79,118 | $ 85,301 |
| Attraction revenues | 27,258 | 22,012 |
| Rebate revenues | 14,590 | 13,731 |
| Company-owned unit revenues | 24,457 | 15,001 |
| Franchise fee revenues | 7,175 | 15,770 |
| Marketing fund revenues | 33,480 | 25,823 |
| Other revenues | 18,552 | 17,072 |
| Total revenues | 204,630 | 194,710 |
| OPERATING EXPENSES: | | |
| Attraction costs | 21,106 | 18,362 |
| Company-owned unit costs | 19,564 | 14,595 |
| Marketing fund costs | 33,480 | 25,823 |
| Salaries and wages | 30,513 | 38,076 |
| Incurred insurance losses and loss adjustment expenses | 14,129 | (7) |
| Selling, general, and administrative | 31,396 | 44,973 |
| Amortization of goodwill and intangibles | 69,066 | 64,469 |
| Depreciation and amortization expense | 3,261 | 2,039 |
| Total operating expenses | 222,515 | 208,330 |
| LOSS FROM OPERATIONS | (17,885) | (13,620) |
| OTHER (EXPENSES) INCOME: | | |
| Interest expense | (46,842) | (52,894) |
| Loss on disposal of property and equipment | (300) | (152) |
| Impairment of intangible assets | - | (2,273) |
| Other income—net | 403 | 824 |
| Total other expenses | (46,739) | (54,495) |
| LOSS BEFORE FEDERAL AND STATE TAX EXPENSES | (64,624) | (68,115) |
| FEDERAL TAX EXPENSE | (697) | (290) |
| STATE TAX EXPENSE | (247) | (262) |
| NET LOSS | $ (65,568) | $ (68,667) |

See notes to consolidated financial statements.

# UA HOLDINGS, LLC AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CHANGES IN MEMBERS' EQUITY
## FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024
## (In thousands, except unit data)

| | Preferred Units | | Common Units | | Accumulated Earnings (Deficit) | Total Members' Equity |
|---|---|---|---|---|---|---|
| | Units | Amount | Units | Amount | | |
| BALANCE—January 1, 2024 | 260,258 | $ 256,078 | 234,742 | $ 166,044 | $ (59,551) | $ 362,571 |
| Member contributions | 52,710 | 58,325 | - | - | - | 58,325 |
| Member tax distributions | - | (626) | - | (597) | - | (1,223) |
| Net loss | - | - | - | - | (68,667) | (68,667) |
| BALANCE—December 31, 2024 | 312,968 | 313,777 | 234,742 | 165,447 | (128,218) | 351,006 |
| Member contributions | - | 310 | 12,913 | 24,203 | - | 24,513 |
| Member tax distributions | - | (9,505) | - | (7,908) | - | (17,413) |
| Member forfeitures | - | - | (538) | (538) | - | (538) |
| Net loss | - | - | - | - | (65,568) | (65,568) |
| BALANCE—December 31, 2025 | 312,968 | $ 304,582 | 247,117 | $ 181,204 | $ (193,786) | $ 292,000 |

See notes to consolidated financial statements.

# UA HOLDINGS, LLC AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS
## FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024
## (In thousands)

| | 2025 | 2024 |
|---|---|---|
| CASH FLOWS FROM OPERATING ACTIVITIES: | | |
| Net loss | $ (65,568) | $ (68,667) |
| Adjustments to reconcile net income to net cash (used in) provided by operating activities: | | |
| Allowance for credit losses | 3,871 | 1,440 |
| Depreciation and amortization expense | 3,261 | 2,039 |
| Amortization of goodwill and intangibles | 69,066 | 64,469 |
| Amortization of debt issuance costs | 3,049 | 2,474 |
| Operating lease right-of-use asset amortization | 4,250 | 4,391 |
| Gain on transfer of operating lease right-of-use asset | (4,244) | (1,861) |
| Impairment of assets, (gain) loss on leases (Note 8) | (3,835) | 7,576 |
| Loss on disposal of property and equipment | 32 | 55 |
| Change in operating assets and liabilities—net: | | |
| Accounts receivable | 423 | (5,860) |
| Inventory | (188) | (8) |
| Deferred attractions costs | 14,861 | (4,723) |
| Deferred initial franchise fee costs | 456 | 7,932 |
| Deferred income taxes | 492 | 59 |
| Prepaids and other current assets | 1,567 | 2,095 |
| Accounts payable | (893) | 921 |
| Accrued liabilities | (4,328) | (7,595) |
| Membership liabilities | (826) | 1,147 |
| Marketing funds | (3,585) | (620) |
| Deferred attractions revenues | (4,850) | (153) |
| Contract liabilities | 2,755 | (3,602) |
| Operating lease liability | (4,738) | (4,575) |
| Unpaid insurance losses and loss adjustments | 7,003 | (3,954) |
| Unearned insurance premium | - | (149) |
| Net cash provided by (used in) operating activities | 18,031 | (7,169) |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | |
| Cash paid for acquisitions—net of cash acquired (Note 2) | (15,427) | (175,216) |
| Purchases of property and equipment | (7,832) | (5,374) |
| Proceeds from sale of property and equipment | 40 | - |
| Proceeds from sale of investments | 4,376 | 2,501 |
| Payments made and proceeds from notes receivable—net | (457) | (276) |
| Net cash used in investing activities | (19,300) | (178,365) |
| CASH FLOWS FROM FINANCING ACTIVITIES: | | |
| Proceeds from issuance of notes payable | 16,000 | 133,000 |
| Debt issuance costs | (1,360) | (3,378) |
| Payments made on notes payable | (4,254) | (4,094) |
| Member contributions | 2,975 | 58,325 |
| Member distributions | (17,413) | (1,223) |
| Net cash (used in) provided by financing activities | (4,052) | 182,630 |
| NET CHANGE IN CASH AND CASH EQUIVALENTS | (5,321) | (2,904) |
| CASH, CASH EQUIVALENTS and RESTRICTED CASH—Beginning of year | 13,144 | 16,048 |
| CASH, CASH EQUIVALENTS and RESTRICTED CASH—End of year | $ 7,823 | $ 13,144 |
| SUPPLEMENTAL DISCLOSURES—Cash paid for interest expense | $ 46,842 | $ 52,894 |
| NONCASH TRANSACTIONS: | | |
| Issuance of common units | $ 21,000 | $ - |
| Operating lease right-of-use asset obtained in exchange for operating lease liability | $ 10,594 | $ 506 |
| Acquired accrued liabilities | $ (653) | $ (6,793) |



See notes to consolidated financial statements.

## 1. NATURE OF OPERATIONS

UA Holdings, LLC (the "Company") commenced operations on January 30, 2018, as a Delaware limited liability company. The consolidated financial statements as of December 31, 2025 and 2024, include the accounts of the Company and its subsidiaries.

At December 31, 2025, the Company had a portfolio of seven brands consisting of "Urban Air Adventure Parks," a family entertainment franchisor; "Sylvan Learning," a franchisor providing supplemental and enrichment education for K-12 students which was acquired on February 16, 2024; "Snapology," a franchisor of STEM/STEAM curriculum for children; "The Little Gym," a franchisor of enrichment and physical development centers for children; "Premier Martial Arts," a franchisor of martial arts studios focused on children; "Class 101," a franchisor of college guidance services; and "Water Wings," a franchisor providing swim instruction and aquatic education programs which was acquired on January 15, 2025; and "XP League," a franchisor of youth eSports leagues, which was sold on December 2, 2025. In addition to franchised owned locations, the Company owns and operates Company -owned locations of its brands and Adventis Insurance, Inc. ("Adventis") (Note 9) an insurance company previously providing general liability and workers compensation coverages to franchise owners of Urban Air Adventure Parks, continues operating in run-off for the years ended December 31, 2025 and 2024. The Company has a perpetual duration, unless dissolved earlier in accordance with the Company operating agreement. Company-owned locations totaled 18 and 12 at December 31, 2025, and 2024, respectively.

## 2. ACQUISITIONS

### Water Wings

During the year ended December 31, 2025, the Company completed its acquisition of Water Wings. On January 15, 2025, UA Holdings, LLC (Buyer) entered into a membership interest purchase agreement to purchase 43.956% of the outstanding company membership interests of Water Wings with the remaining 56.044% of the Water Wings company membership interests contributed by seller to UA Holdings, LLC, in exchange for a portion of equity consideration in UA Holdings LLC. As a result of the purchased and contributed interest percentages, UA Holdings LLC owns 100% of Water Wings. Water Wings is a provider of swim instruction and aquatic education programs designed to teach water safety, skill development, and confidence building for infants, children, and adults. It operates a network of indoor, climate-controlled facilities offering year-round programming, including parent-and-child classes, learn-to-swim lessons, stroke development, and competitive preparation programs. Water Wings is recognized for its small class sizes, certified instructors, and structured curriculum focused on safety and personal growth. Upon applying Financial Accounting Standards Board Accounting Standards Codification (ASC) 805, *Business Combinations*, $28,179 of goodwill was recognized. This goodwill primarily arises from the acquired workforce and the opportunity to extend existing customer relationships into new markets through franchising. As these components do not qualify as distinct intangible assets, they are included in goodwill. The goodwill is expected to be tax deductible.

The Water Wings transaction was accounted for as a business combination. As a result, the consolidated statements of operations reflect Water Wings' operating results from the acquisition date. Transaction costs related to the Water Wings acquisition totaled $832 and are included in selling, general, and administrative expenses in the consolidated statements of operations for the year ended December 31, 2025. The base purchase consideration for the Water Wings acquisition was $37,000, subject to certain customary post-closing adjustments, which resulted in a total purchase price of $36,986, consisting of $15,986 cash paid inclusive of transaction fees paid on behalf of the seller, issuance of $21,000 in common units of UA Holdings, LLC and the acquisition of assets and assumption of liabilities.

The total purchase consideration has been allocated to the following assets and liabilities as of the January 15, 2025 acquisition date as follows:

| | |
|---|---|
| Cash and cash equivalents | $ 559 |
| Inventory | 46 |
| Property and equipment—net | 5,295 |
| Operating lease right-of-use | 10,594 |
| Trade name | 1,600 |
| Customer relationships | 1,800 |
| Goodwill | 28,179 |
| Other assets | 227 |
| Accrued liabilities | (653) |
| Operating lease liabilities | (10,661) |
| Total purchase price | $ 36,986 |

In accordance with ASC 805, the total consideration transferred for the acquisition of Water Wings was allocated to the identifiable assets acquired and liabilities assumed based on their respective acquisition-date fair values. The resulting allocation reflects the fair value of the net assets acquired. This allocation resulted in the recognition of the following intangible assets at the acquisition date: $1,600 to the trade name and $1,800 to customer relationships. Management determined the estimated fair values of intangible assets as of the Water Wings acquisition date using the relief from royalty method for trademarks and multi-period excess earnings method for customer relationships. Projected cash flows or cash savings are discounted at a required rate of return that reflects the relative risk of achieving the cash flows and the time value of money.

**Sylvan Learning**

During the year ended December 31, 2024, the Company completed its acquisition of Sylvan Learning. On February 16, 2024, Unleashed Brands, LLC (Buyer) entered into a securities purchase agreement to purchase 100% of the operating assets and assume certain liabilities of Sylvan Learning. Sylvan Learning is the leading provider of personal learning for students in grades K-12. Sylvan Learning's mission to build academic confidence, ignite intellectual curiosity, and inspire a love for learning complemented the other brands in the Company's portfolio. Upon applying Financial Accounting Standards Board Accounting Standards Codification (ASC) 805, *Business Combinations*, $64,074 of goodwill was recognized. This goodwill primarily arises from the acquired workforce and the opportunity to extend existing customer relationships into new markets. As these components do not qualify as distinct intangible assets, they are included in goodwill. The goodwill is expected to be tax deductible.

The Sylvan Learning transaction was accounted for as a business combination. As a result, the consolidated statements of operations reflect Sylvan Learning's operating results from the acquisition date. Transaction costs related to the Sylvan Learning acquisition totaled $2,404 and are included in selling, general, and administrative expenses in the consolidated statements of operations for the year ended December 31, 2024. The base purchase consideration for the Sylvan Learning acquisition was $185,000, subject to certain customary post-closing adjustments, which resulted in $177,197 of cash paid and the acquisition of assets and assumption of liabilities.

The total purchase consideration has been allocated to the following assets and liabilities as of the February 16, 2024 acquisition date as follows:

| | |
|---|---|
| Cash and cash equivalents | $ 1,981 |
| Accounts receivable—net | 5,391 |
| Property and equipment—net | 226 |
| Franchise agreements | 100,500 |
| Trade name | 12,300 |
| Software | 2,900 |
| Goodwill | 64,074 |
| Other assets | 2,089 |
| Accounts payable | (784) |
| Accrued liabilities | (6,793) |
| Marketing funds | (927) |
| Other liabilities | (882) |
| Contract liabilities | (2,878) |
| Total purchase price | $ 177,197 |

In accordance with ASC 805, the total consideration transferred for the acquisition of Sylvan Learning was allocated to the identifiable assets acquired and liabilities assumed based on their respective acquisition-date fair values. The resulting allocation reflects the fair value of the net assets acquired. This allocation resulted in the recognition of the following intangible assets at the acquisition date: $100,500 to franchise agreements, $12,300 to the trade name, and $2,900 to internally developed software. Management determined the estimated fair values of intangible assets as of the Sylvan Learning acquisition date using the relief from royalty method for trademarks and income approach for franchise agreements. The relief from royalty method used to estimate the fair values of trademarks estimated projected future cost savings achieved by avoiding the use of third-party trademarks or licensing third-party software. Projected cash flows or cash savings are discounted at a required rate of return that reflects the relative risk of achieving the cash flows and the time value of money. Franchise agreements were valued using the income approach method used to estimate the fair values of franchise agreements. A derivation of discounted cash flow analysis, specifically the Multi period Excess Earnings Method was performed on the future projected cash flow of the existing franchise agreements. The fair value was then determined by adding the present value of the franchisee cash flows with the present value of the income tax benefit resulting from the amortization of the asset.

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**Basis of Presentation**—The consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). All significant intercompany balances and transactions have been eliminated in consolidation.

**Reclassification of Prior Year Presentation**—Certain prior year amounts have been reclassified for consistency with the current year presentation. These reclassifications had no effect on the reported results of operations.

**Use of Estimates**—The preparation of consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates. The most significant estimates relate to measurement of unpaid insurance losses and loss adjustment expenses and impairment testing of intangible assets and goodwill.

**Cash and Cash Equivalents**—The Company considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. At December 31, 2025 and 2024, the Company had $607 and $403 in such investments, respectively. The Company maintains deposits primarily in three financial institutions, which may at times exceed amounts covered by insurance provided by the US Federal Deposit Insurance Corporation (FDIC). The Company has not experienced any losses related to amounts in excess of FDIC limits.

**Investments in Debt and Equity Securities**—Investments in equity securities, with readily determinable fair values, are measured at fair value at the time of purchase, with subsequent changes in fair value included in other income or expense in the consolidated statements of operations. During the year ended December 31, 2025, all of the Company's debt securities were sold. All of the Company's debt securities as of December 31, 2024, were classified as available for sale. Available-for-sale securities may be sold prior to maturity and are carried at fair value. The Company accounts for its investments in debt securities in accordance with ASC 320, *Investments—Debt Securities*. Management determines the appropriate classification of its investments at the time of purchase and reevaluates such determination at each balance sheet date.

The amortized cost of debt securities is adjusted using the effective interest rate method for amortization of premiums and accretion of discounts. Such amortization and accretion are included in other income in the consolidated statements of operations. Net unrealized gains and (losses) on available-for-sale debt securities were $34 and ($17) for the years ended December 31, 2025 and 2024, respectively. At December 31, 2025 and 2024, the Company held $0 and $4,005, respectively, in debt securities.

**Other-than-Temporary Impairments on Investments**—The Company determines other-than-temporary impairments on debt securities in accordance with certain provisions of ASC 320. This guidance requires the Company to evaluate whether it intends to sell an impaired debt security or whether it is more likely than not that it will be required to sell an impaired debt security before recovery of the amortized cost basis. If either of these criteria are met, an impairment equal to the difference between the debt security's amortized cost and its fair value is recognized in earnings. For impaired debt securities that do not meet these criteria, the Company determines if a credit loss exists with respect to the impaired security. If a credit loss exists, the credit loss component of the impairment, which is equal to the difference between the security's amortized cost and its projected net present value of future cash flows from the security, is recognized in other income. For the years ended December 31, 2025 and 2024, no impairment related to debt securities was recorded.

**Accounts Receivable**—Accounts receivable consist of franchise royalties and other costs billed to franchisees. Accounts receivable are stated at amounts management expects to collect from outstanding balances. Credit is extended to customers based upon evaluation of the customer's financial condition, and collateral is not required. Management provides for probable uncollectible amounts through a charge to earnings and a credit to a valuation allowance based on its assessment of the current status of individual accounts. Balances still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. As of December 31, 2025 and 2024, the Company had an allowance for credit losses of $7,073 and $3,662, respectively.

**Inventory**—Inventory is stated at the lower of cost or net realizable value using the first-in, first-out method. The Company records a provision for obsolete and slow-moving inventory, when necessary, based on current inventory levels, as well as historical and expected future production levels. Based on the Company's assessment, there was a provision for obsolete inventory of $937 and $791 for the years ended December 31, 2025 and 2024, respectively, and no lower of cost or net realizable value adjustments at December 31, 2025 and 2024.

**Deferred Initial Franchise Fee Costs**—The Company has capitalized costs in relation to commission costs incurred for the sale of franchise agreements. Capitalized costs directly related to these activities are $12,819 and $13,275 as of December 31, 2025 and 2024, respectively, and are reported as deferred initial franchise fee costs in the accompanying consolidated balance sheets.

**Leases**—The Company recognizes the assets and liabilities that arise from leases in the consolidated balance sheets. At lease inception, leases are classified as either finance leases or operating leases with the associated right-of-use assets and lease liabilities measured at the net present value of future lease payments. Operating lease right-of-use assets are expensed on a straight-line basis as lease expense over the noncancelable lease term. Lease expense for the Company's finance leases is composed of the amortization of the right-of-use asset and interest expense recognized based on the effective interest method. As of December 31, 2025 and 2024, the Company recorded operating lease right-of-use assets and lease liabilities at their fair value.

The Company has elected not to separate lease and non-lease components for all asset classes.

When the rate implicit in the lease is not determinable, rather than use the Company's incremental borrowing rate, the Company elected to use a risk-free discount rate, based on similar term US Treasury note or bond rates, for the initial and subsequent measurement of lease liabilities for all asset classes.

The Company elected not to apply the recognition requirements to all leases with an original term of 12 months or less, for which the Company is not likely to exercise a renewal option or purchase the asset at the end of the lease; rather, short-term leases will continue to be recorded on a straight-line basis over the lease term.

**Contract Assets and Liabilities**—The Company has contract liabilities, which represent deferred revenues from certain preopening activities and area development fees. The Company has determined that preopening activities and area development fees do not represent distinct goods or services transferred to the franchisee. Accordingly, these costs are deferred over the related franchise agreement, which is typically 10 years.

The Company's contract assets relating to attraction costs include the costs to acquire and transport the attraction equipment, labor for its installation, and other indirect costs related to contract performance. All costs incurred are recorded in the consolidated balance sheets as deferred attraction costs and are incurred on uncompleted attractions until the associated revenues are realizable, which is typically at the grand opening. As of December 31, 2025 and 2024, incurred costs related to unopened franchise locations totaled $5,397 and $20,258, respectively. A significant portion of the year ending December 31, 2024 balance was related to Company seeded parks that were completed in the year ending December 31, 2025.

**Fair Value of Financial Instruments**—The Company's financial instruments include cash, investments, accounts receivable, and accounts payable. As of December 31, 2025 and 2024, the carrying value of these financial instruments approximate their fair values because of the short-term maturities or variable borrowing rate nature of these instruments.

**Property and Equipment**—Property and equipment are stated at cost, less accumulated depreciation. Expenditures which substantially improve or extend the useful life of property are capitalized. Routine maintenance and repair costs are expensed as incurred. Property and equipment are capitalized if they have individual costs of at least $5 and useful lives of greater than one year. Leasehold improvements are amortized over the lesser of the lease term or useful life if applicable. Upon retirement or disposition of property and equipment, the cost and related accumulated depreciation are removed from the accounts, and the gains or losses are reflected in the consolidated statements of operations.

Depreciation and amortization are calculated using the straight-line method over the established useful lives of the individual assets as follows:

| | Useful Lives |
|---|---|
| Transportation assets | 3–5 years |
| Leasehold improvements | 7–15 years |
| Computer and software | 3 years |
| Furniture, fixtures, and equipment | 5 years |
| Vehicles | 5 years |

**Impairment of Long-Lived Assets**—In accordance with ASC 360-10, *Accounting for the Impairment or Disposal of Long-Lived Assets*, the Company reviews long-lived assets for impairment whenever events or changes in circumstances indicate the carrying amount of an asset may no longer be recoverable. The Company assesses recoverability of the carrying amount by estimating the undiscounted future net cash flows expected to result from the asset over its expected useful life, including eventual disposition. If the future undiscounted net cash flows are less than the carrying amount of the asset, an impairment loss is recorded equal to the difference between the assets carrying amount and its fair value. No impairment of long-lived assets was recognized for the years ended December 31, 2025 and 2024.

**Goodwill and Intangible Assets**—The Company amortizes goodwill over 10 years. Intangible assets acquired in a business combination are recorded at fair value. Intangible assets with finite lives are amortized based on the pattern in which the economic benefits of the assets are estimated to be consumed, or using the straight-line method if that pattern cannot be reliably determined, over the useful lives as disclosed in Note 6.

The Company tests goodwill and other definite-lived intangible assets for impairment if an event occurs or changes in circumstance indicate that the fair value of the entity may be below its carrying value. A goodwill impairment loss, if any, is measured as the amount by which the carrying value of the entity including goodwill exceeds its fair value.

Indefinite-lived assets are not amortized but are evaluated for impairment on an annual basis or more frequently if indicators of impairment are present. Impairment charges related to indefinite-lived assets are recognized when the fair value is less than the carrying value of the asset. Costs incurred to renew or extend the term of a recognizable asset are expensed as incurred. During the years ended December 31, 2025 and 2024, the Company recorded impairment of $0 and $2,273, respectively, as disclosed in Note 6.

**Insurance Related Activities**—The Company used Adventis, a wholly owned subsidiary of the Company and captive insurance company to issue policies for general liability coverage and workers' compensation coverage to franchise owners. The Company ceased issuing general liability policies effective May 2023 and workers' compensation coverages effective May 2024 and is currently operating in run-off. See Note 9.

***Unpaid Insurance Losses and Loss Adjustment Expenses***—Reserves for unpaid losses and loss adjustment expenses includes case basis estimates of reported losses, plus amounts for incurred but not reported (IBNR) losses calculated based upon loss projections utilizing industry data. In establishing this reserve, the Company utilizes the findings of an independent consulting actuary. Management believes that its aggregate reserve for unpaid losses and loss adjustment expenses at year-end represents its best estimate, based on the available data, of the amount necessary to cover the ultimate cost of losses. As adjustments to these estimates become necessary, such adjustments are reflected in current operations.

***Insurance Premiums***—Premiums are earned over the period that coverage is provided. Unearned premiums are calculated on a daily pro rata basis for the unexpired terms of individual policies in force.

***Premium Deficiency***—The Company recognizes premium deficiencies when there is a probable loss on an insurance contract. Premium deficiencies are recognized if the sum of expected losses and loss adjustment expenses, expected dividends to the policy holder, unamortized deferred acquisition costs, and maintenance costs exceed unearned premiums and anticipated investment income. There were no premium deficiencies for the years ended December 31, 2025 and 2024.

***Revenue Recognition***—The Company's revenues are substantially composed of service revenues. Revenue is recognized when the Company satisfies its performance obligation under each contract after it has provided the service to each customer. A performance obligation is a promise in a contract to transfer a distinct product or service to a customer.

Revenue is measured as the amount of consideration the Company expects to receive in exchange for transferring products or providing services. The nature of the Company's contracts do not give rise to any notable amounts of variable consideration with its customers. The Company's contracts do not give rise to any significant financing components (including contracts where the timing of the transfer of goods or services is at the discretion of the customer). The type or location of services performed do not significantly impact the nature, amount, timing, or uncertainty of revenues and cash flows.

The Company performs the following obligations within each franchise agreement contract—approval of real estate and facility layout for nonmobile units, training of the franchisee, and providing access to the respective brand's intellectual property, which are not distinct within the context of the contract. The Company has concluded that there is a single performance obligation related to each contract recognized at the time of the unit opening.

Substantially, all of the Company's revenues are from services provided to customers at a point in time, with the exception of franchise fee revenue and insurance premiums, which are deferred and recognized over the term of the related agreements.

The Company's costs which are not incremental to obtaining a contract are expensed as incurred.

Sales, value added, and other taxes collected from customers and remitted to governmental authorities are accounted for on a net (excluded from revenues) basis.

The primary sources of revenue for the Company are recognized as follows:

***Royalty Revenues***—Royalty revenue is recognized in the period earned and ranges from 7–11% of gross revenue based on the franchise brand. Royalty revenues are allocated to the outcome from the performance obligation of having access to the license, i.e., franchise location's monthly sales. The Company records the royalty revenue as the franchisee's monthly sales occur.

***Attraction Revenues***—Attraction revenue is recognized as revenue when earned, which is at the grand opening of the associated franchised park.

***Rebate Revenues***—Rebate revenue relates to rebates and commissions received from third-party companies that sell merchandise and services to franchisee locations. The third-party vendors provide their merchandise and services at a cost to the franchisees that is lower than they could otherwise purchase individual items in like quantities, quality, etc. The third parties, under license from the Company of its trademarks, procure licensed products from manufacturers and sell them to the Company's franchisees. The Company recognizes revenue as the underlying purchases are made by the franchisees, net of estimated returns, based on agreed-upon rebate or commission rates.

***Company Owned Unit Revenues***—Company owned unit revenue is recognized as revenue when earned, which is generally when services are performed, and is generated from the operations of its Company-owned locations.

***Franchise Fee Revenues***—Franchise fee revenue is recognized as revenue when earned. The Company receives an initial franchise fee as franchise agreements are signed. Franchise fee revenue is deferred until opening of the location, and then recognized over the term of the franchise agreement, which is typically 10 years (over time revenue). At December 31, 2025 and 2024, deferred franchise fee revenues totaled $58,011 and $55,256, respectively, and are classified as contract liabilities in the consolidated balance sheets (Note 7). Due to closures and terminations in the Premier Martial Arts brand, the Company accelerated recognition of $837 and $10,758 of revenue for the years ended December 31, 2025 and 2024, respectively, and $581 and $8,729 of related costs for the years ended December 31, 2025 and 2024, respectively, which are presented in franchise fee revenues and salaries and wages within the consolidated statements of operations, respectively.

***Marketing Fund Revenues***—The Company administers various marketing funds for its brands, for which franchisees and Company-owned parks both contribute. The contributions range from 1–5% of gross sales based on the franchise brand. These contributions are used for various forms of brand advertising in accordance with its various brand franchise agreements. The Company has a contractual obligation to use marketing fund contributions for advertising, public relations, merchandising, and similar activities. Marketing fund liabilities are included in the consolidated balance sheets as marketing funds and totaled $118 and $3,703 as of December 31, 2025 and 2024, respectively. Marketing fund revenues and expenditures are recorded on a gross basis within the consolidated statements of operations as contributions are billed, increasing both the gross amount of reported revenues and expenses and generally has no impact on income (loss) from operations and net income (loss).

***Other Revenues***—Other revenues include various ancillary revenue streams all recognized when earned, which is generally as services are performed.

The Company disaggregates revenue from contracts with customers by project type, as the Company believes it best depicts how the nature, amount, timing, and uncertainty of revenue and cash flows are affected by economic factors. All the Company's revenues are recognized at a point-in-time with the exception of initial franchise fees and insurance premiums, which are recognized over the term of the related agreements. The discontinuance of insurance premiums in the year ending December 31, 2024 contributed to the decrease in the over-time revenues. The following table presents the Company revenues disaggregated by timing:

| | 2025 | 2024 |
|---|---|---|
| Over time revenue | $ 7,175 | $ 15,703 |
| Point in time revenue | 197,455 | 179,007 |
| | $ 204,630 | $ 194,710 |

**Advertising Costs**—Advertising costs include discretionary local and national campaign marketing expenses associated with the Sylvan Brand, franchise recruitment marketing and other general corporate marketing expenditures and are included in selling, general, and administrative expenses in the consolidated statements of operations. Advertising costs are expensed as incurred and totaled $5,931 and $13,160 for the years ended December 31, 2025 and 2024, respectively. Franchisee contributions for the discretionary local marketing are included in other revenues within the consolidated statements of operations.

**Debt Financing Costs**—Costs related to obtaining financing are capitalized and presented as a deduction against the corresponding debt. Debt financing costs are amortized over the respective debt agreement using the effective interest method with amortization expense included in interest expense in the consolidated statements of operations. In January 2025, the Company recorded $1,360 in gross debt financing costs in relation to borrowings to complete the Water Wings acquisition. In February 2024, the Company recorded an $3,378 in gross debt financing costs in relation to borrowings to complete the Sylvan Learning acquisition. Amortization expense totaled $3,050 and $2,474 for the years ended December 31, 2025 and 2024, respectively. Unamortized debt financing costs were $6,175 and $7,865 as of December 31, 2025 and 2024, respectively.

**Income Taxes**—The Company is organized as a Delaware limited liability company and, therefore, federal tax obligations are passed through to its members. The Company is subject to various state taxes.

The Company accounts for uncertain tax positions in accordance with the asset and liability method. The Company has evaluated its tax positions and has not identified any material uncertain tax positions that would not be sustained in federal or state income tax examination or that require disclosure. Accordingly, no provision for uncertainties in income taxes has been made in the accompanying consolidated financial statements. The Company recognizes interest and penalties on income taxes as a component of income tax expense.

## 4. FAIR VALUE MEASUREMENTS

ASC 820, *Fair Value Measurements and Disclosures*, defines fair value as the price that would be received to sell an asset, or paid to transfer a liability, in the principal or most advantageous market in an orderly transaction between market participants on the measurement date. The fair value standard also establishes a three-level hierarchy, which requires an entity to maximize the use of observable inputs and minimize the use of observable inputs when measuring fair value.

The valuation hierarchy is based upon the transparency of inputs to the valuation of an asset or liability on the measurement date. The three levels are defined as follows:

***Level 1***—Quoted prices are available in active markets for identical instruments as of the reporting date. The type of instruments included in Level 1 include listed equities and listed derivatives.

***Level 2***—Pricing inputs are other than quoted prices in active markets, which are either directly or indirectly observable as of the reporting date, and fair value is determined through the use of models or other valuation methodologies. Instruments which are generally included in this category include corporate bonds and loans, less liquid and restricted equity securities and certain over-the-counter derivatives.

***Level 3***—Pricing inputs are unobservable for the instrument and include situations where there is little, if any, market activity for the instrument. The inputs into the determination of fair value require significant management judgment or estimation. Instruments that are included in this category generally include general and limited partnership interests in corporate private equity and real estate funds, mezzanine funds, funds of hedge funds, distressed debt, and noninvestment grade residual interests in securitizations and collateralized debt obligations.

The Company classified its investments in exchange-traded funds as Level 1 in accordance with the criteria described above.

The Company sold all remaining financial instruments during 2025 resulting in $0 investments as of December 31, 2025. The following table presents the Level 1, Level 2, and Level 3 financial instruments measured, reported, and carried at fair value, as of December 31, 2024, in accordance with the valuation hierarchy:

| | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| Debt securities: | | | | |
| Corporate bonds | $ - | $ 7 | $ - | $ 7 |
| Other fixed income | - | 2,301 | - | 2,301 |
| Treasury securities | - | 1,697 | - | 1,697 |
| Subtotal | - | 4,005 | - | 4,005 |
| Equity: | | | | |
| Common stocks | - | - | - | - |
| Preferred stocks | 371 | - | - | 371 |
| Subtotal | 371 | - | - | 371 |
| Total | $ 371 | $ 4,005 | $ - | $ 4,376 |

Investments in equity securities were measured using Level 1 fair values based upon observable quoted market prices from national security exchanges.

Investments in debt securities were measured using Level 2 fair values based upon inputs, such as benchmark yields, reported trades, broker/dealer quotes, issuer spreads, benchmark securities, offers, bids, and reference data.

Investments in alternative investments funds held by the Company as of December 31, 2024, using significant unobservable inputs (Level 3) to measure fair value did not change during the year ended December 31, 2024. Accordingly, no change to net unrealized and realized gains or losses were recorded in the consolidated statements of operations.

The Company may withdraw funds monthly or quarterly, depending on the fund. There are no unfunded capital commitments as of December 31, 2024.

The Company's nonfinancial assets, which primarily consist of property and equipment, right-of-use assets, goodwill and other intangible assets, are not required to be carried at fair value on a recurring basis and are reported at carrying value.

As of December 31, 2025, the Company held no investments.

## 5. PROPERTY AND EQUIPMENT—NET

Property and equipment at December 31, 2025 and 2024, consisted of the following:

| | 2025 | 2024 |
|---|---|---|
| Company-owned units | $ 5,094 | $ 4,907 |
| Leasehold improvements | 10,529 | 5,191 |
| Computer and software | 5,979 | 5,635 |
| Furniture and fixtures | 3,290 | 1,163 |
| Vehicles | 70 | 70 |
| Construction in progress | 10,161 | 5,173 |
| Subtotal | 35,123 | 22,139 |
| Less accumulated depreciation and amortization | (13,639) | (10,449) |
| Property and equipment—net | $ 21,484 | $ 11,690 |

Depreciation and amortization expense for the years ended December 31, 2025 and 2024, was $3,261 and $2,039, respectively.

## 6. GOODWILL AND INTANGIBLE ASSETS—NET

Goodwill and intangible assets at December 31, 2025, consist of the following:

| | Economic Life | Total Intangible Assets and Goodwill | Accumulated Amortization | Net Intangible Assets and Goodwill |
|---|---|---|---|---|
| Royalty agreements | 13–20 years | $ 438,000 | $ (66,206) | $ 371,794 |
| Trade names | Indefinite | 34,700 | - | 34,700 |
| Customer relationships | 5 years | 4,400 | (1,905) | 2,495 |
| Software | 3 years | 2,900 | (1,815) | 1,085 |
| Goodwill | 10 years | 433,849 | (117,567) | 316,282 |
| Total | | $ 913,849 | $ (187,493) | $ 726,356 |

Goodwill and intangible assets at December 31, 2024, consist of the following:

| | Economic Life | Total Intangible Assets and Goodwill | Accumulated Amortization | Net Intangible Assets and Goodwill |
|---|---|---|---|---|
| Royalty agreements | 13–20 years | $ 438,000 | $ (42,252) | $ 395,748 |
| Trade names | Indefinite | 33,100 | - | 33,100 |
| Customer relationships | 5 years | 2,600 | (1,040) | 1,560 |
| Software | 3 years | 2,900 | (846) | 2,054 |
| Goodwill | 10 years | 405,682 | (74,301) | 331,381 |
| Total | | $ 882,282 | $ (118,439) | $ 763,843 |

Amortization expense for the years ended December 31, 2025 and 2024, were $69,066 and $64,469, respectively. During the year ended December 31, 2025, there was $0 impairment recorded. During the year ended December 31, 2024, the Company determined that the carrying values of certain intangible assets were in excess of their fair values. Accordingly, the Company recorded an impairment loss of $2,100 related to trade names and an impairment loss of $173 related to royalty agreements.

The amortization of royalty agreements, customer relationships, software, and goodwill for the years ending December 31 are as follows:

| Royalty Agreements | | Customer Relationships | | Software | | Goodwill | |
|---|---|---|---|---|---|---|---|
| 2026 | $ 23,953 | 2026 | $ 880 | 2026 | $ 967 | 2026 | $ 43,385 |
| 2027 | 23,953 | 2027 | 880 | 2027 | 118 | 2027 | 43,385 |
| 2028 | 23,953 | 2028 | 360 | 2028 | - | 2028 | 43,385 |
| 2029 | 23,953 | 2029 | 360 | 2029 | - | 2029 | 43,385 |
| 2030 | 23,953 | 2030 | 15 | 2030 | - | 2030 | 43,385 |
| Thereafter | 252,029 | Thereafter | - | Thereafter | - | Thereafter | 99,357 |
| Total | $ 371,794 | Total | $ 2,495 | Total | $ 1,085 | Total | $ 316,282 |

## 7. CONTRACT LIABILITIES

Contract liabilities at December 31, 2025 and 2024, consisted of the following:

| | 2025 | 2024 |
|---|---|---|
| Franchise fees—net | $ 58,011 | $ 55,256 |
| Attraction revenues | 10,050 | 14,900 |
| Subtotal | 68,061 | 70,156 |
| Less current portion | (14,236) | (18,405) |
| Contract liabilities—net of current portion | $ 53,825 | $ 51,751 |

## 8. COMMITMENTS AND CONTINGENCIES

**Operating Leases**—Right-of-use assets represent the Company's right to use an underlying asset for the lease term, while lease liabilities represent the Company's obligation to make lease payments arising from the lease. Right-of-use assets and lease liabilities are recognized at the commencement date of a lease based on the net present value of lease payments over the lease term.

Certain of the Company's leases include options to renew or terminate the lease. The exercise of lease renewal or early termination options is at the Company's sole discretion. The Company regularly evaluates the renewal and early termination options and when they are reasonably certain of exercise, the Company includes such options in the lease term.

Right-of-use assets are assessed for impairment in accordance with the Company's long-lived asset policy. The Company reassesses lease classification and remeasures right-of-use assets and lease liabilities when a lease is modified, and that modification is not accounted for as a separate new lease or upon certain other events that require reassessment in accordance with Topic 842. During the years ended December 31, 2025 and 2024, the Company terminated certain operating leases in conjunction with the targeted closure of Company-owned locations. This resulted in impairment of right-of use assets totaling $297 and $3,584 for the years ended December 31, 2025 and 2024, and are included in selling, general, and administrative expenses in the consolidated statements of operations.

The Company makes significant assumptions and judgments in assessing its right-of-use assets and lease liabilities:

- Evaluates whether a contract contains a lease, by considering factors, such as whether the Company obtained substantially all rights to control an identifiable underlying asset and whether the lessor has substantive substitution rights.
- Determines whether contracts contain embedded leases.
- Evaluates leases with similar commencement dates, lengths of term, renewal options, or other contract terms, which, therefore, meet the definition of a portfolio of leases, whether to apply the portfolio approach to such leases.
- Determines for leases that contain a residual value guarantee, whether a payment at the end of the lease term was probable and, accordingly, whether to consider the amount of a residual value guarantee in future lease payments.

The Company does not have material leasing transactions with related parties.

The Company's lease agreements contain lease incentives related to tenant improvement allowances. During the years ended December 31, 2025 and 2024, tenant improvement allowances reimbursed by the landlords totaled $2,432 and $1,564, respectively. Included in the Company's prepaids and other current assets in the consolidated balance sheets are tenant improvement allowance receivables of $0 and $2,432 as of December 31, 2025 and 2024, respectively.

The following table summarizes the lease right-of-use assets and lease liabilities as of December 31, 2025 and 2024:

| | 2025 | 2024 |
|---|---|---|
| Right-of-use assets—operating leases | $ 20,881 | $ 25,256 |
| Lease liabilities: | | |
| Current operating lease liabilities | 4,181 | 4,699 |
| Long-term operating lease liabilities | 18,682 | 31,039 |
| Total lease liabilities | $ 22,863 | $ 35,738 |

Below is a summary of expenses incurred pertaining to leases for the years ended December 31, 2025 and 2024:

| | 2025 | 2024 |
|---|---|---|
| Operating lease expense | $ 5,249 | $ 6,135 |
| Variable lease expense | 135 | - |
| Sublease income | (163) | (163) |
| Total lease expense | $ 5,221 | $ 5,972 |
| Weighted-average remaining lease term (in years)—operating leases | 6.55 | 7.64 |
| Weighted-average discount rate—operating leases | 3.17 % | 2.83 % |

Total rent expense, including variable lease costs, such as common area maintenance and property taxes, totaled $6,797 and $7,418 for the years ended December 31, 2025 and 2024, respectively. These costs are included in Company-owned unit costs and selling, general, and administrative expenses in the consolidated statements of operations.

The table below summarizes the Company's scheduled future minimum lease payments for years ending after December 31, 2025:

| Years Ending December 31 | |
|---|---|
| 2026 | $ 4,835 |
| 2027 | 3,637 |
| 2028 | 3,479 |
| 2029 | 3,450 |
| 2030 | 3,337 |
| Thereafter | 6,819 |
| Total lease payments | 25,557 |
| Less present value discount | (2,694) |
| Total lease liabilities | 22,863 |
| Less current portion | (4,181) |
| Long-term lease liabilities | $ 18,682 |

**Commitments for Leases Not Yet Commenced**— The Company has entered into a lease agreement that has not yet commenced as of December 31, 2025. The lease relates primarily to office space in Irving, Texas and is expected to commence in the fourth quarter of 2026. Upon commencement, the Company expects to recognize right-of-use assets and corresponding lease liabilities associated with the arrangement. The lease has noncancelable terms of approximately 12.5 years and will require future lease payments that the Company expects to fund through operating cash flows.

**Lease Guarantees**—On occasion, the Company has acted as co-guarantor with certain of its franchisees in connection with leases necessary in establishing their businesses. As of December 31, 2025 and 2024, the Company had limited guarantees for leases on 14 and 10 franchised locations, respectively, totaling a maximum of $16,106 and $9,878, respectively, in potential lease payments.

**Litigation**—The Company may be a party to routine claims brought against it in the ordinary course of business. The Company estimates whether such liabilities are probable to occur and whether reasonable estimates can be made and accrues liabilities when both conditions are met. Although the ultimate outcome of these matters, if and when they arise, cannot be accurately predicted due to the inherent uncertainty of litigation, in the opinion of management, based upon current information, no currently pending or overtly threatened claim is expected to have a material adverse effect on the Company’s business, financial condition, or results of operations. However, it is possible that an unfavorable resolution of one or more such future proceedings could materially and adversely affect the Company’s consolidated financial position, results of operations, or cash flows.

## 9. INSURANCE ACTIVITIES

General liability limits provided are $250 per occurrence with no aggregate limit. Worker’s compensation limits provided are $500 per occurrence with an aggregate limit of 150% of the gross written premium. There were no policies issued during 2025 and 2024, and all policies issued during 2023 expired on May 27, 2024, to concur with primary policy terms. Net premiums assumed for the years ended December 31, 2025 and 2024, were $0 and a loss of $67, respectively.

**Incurred and Paid Claims Development by Accident Year**—IBNR reserve estimates are generally calculated by first projecting the ultimate cost of all claims that have occurred and then subtracting reported losses and loss expenses. Loss projections based upon industry data to develop loss development factors that multiplicatively accumulated to arrive at age-to-ultimate loss development factors.

Reported losses include cumulative paid losses and loss expenses, plus case reserve estimates. The IBNR reserve includes a provision for the claims that have occurred but have not yet been reported, some of which are not yet known to the Company, as well as a provision for the future development on reported claims. The following paragraph details the IBNR liabilities and claims frequency, which is measured by claim event, for each accident year presented for the general liability coverage. Claim counts for the general liability coverage are presented based upon the number of claim occurrences reported.

For the year ended December 31, 2025, the Company incurred cumulative claims and claim adjustment expenses of $29,197 and had cumulative paid claims and allocated claim adjustment expenses of $16,128, resulting in liabilities for claims and claim adjustment expenses of $13,068. For the year ended December 31, 2024, the Company incurred cumulative claims and claim adjustment expenses of $14,881 and had cumulative paid claims and allocated claim adjustment expenses of $8,988, resulting in liabilities for claims and claim adjustment expenses of $5,893. For the year ended December 31, 2025, expected development on reported claims and IBNR totaled $1,677, with cumulative reported claims of 972. For the year ended December 31, 2024, expected development on reported claims and IBNR totaled $3,550, with cumulative reported claims of 949.

The unpaid insurance losses and loss adjustment expenses presented as liabilities in the consolidated balance sheets at December 31, 2025, include the liabilities for claims and claim adjustment expenses of $13,068, and unallocated loss and loss adjustment expenses of $6. The unpaid insurance losses and loss adjustment expenses presented as liabilities in the consolidated balance sheets at December 31, 2024, include the liabilities for claims and claim adjustment expenses of $5,893, and unallocated loss and loss adjustment expenses of $187.

## 10. NOTES PAYABLE

In December 2022, the Company entered into a $275,000 term loan facility with a corporate lender. In December 2022, the Company drew $275,000 on this facility. In February 2024, this facility was amended to add $133,000 of borrowing power to facilitate the Sylvan Learning acquisition. In January 2025, this facility was amended to add $16,000 of borrowing power to facilitate the Water Wings acquisition. The term loan requires interest payments on either a monthly or quarterly basis in arrears for which the Company typically has made payments on a quarterly basis. The interest rate on the term loan is based on a 6.0% margin rate plus a variable base. At December 31, 2025 and 2024, the interest rate was 9.67% and 12.25%, respectively. The term loan requires quarterly principal payments in an amount equal to 0.25% of the original gross principal amount borrowed under the agreement. The term loan is secured by the tangible and intangible assets of the Company and its subsidiaries. The principal outstanding balance under the term loan was $412,903 and $401,157 at December 31, 2025 and 2024, respectively. The term loan matures in December 2027 when all principal and accrued interest is due.

In accordance with the terms of the term loan, the Company has a total net leverage ratio covenant with which it was in compliance as of December 31, 2025.

A summary of notes payable outstanding at December 31, 2025 and 2024, is as follows:

| | 2025 | 2024 |
|---|---|---|
| Term Loan | $ 412,903 | $ 401,157 |
| Less unamortized debt costs | (6,176) | (7,865) |
| Less current maturities | (4,253) | (4,093) |
| Total notes payable—net | $ 402,474 | $ 389,199 |

As of December 31, 2025, future principal payments due on the notes payable for the years ending December 31 are as follows:

| | |
|---|---|
| 2026 | $ 4,253 |
| 2027 | 408,650 |
| Subtotal | 412,903 |
| Less unamortized debt costs | (6,176) |
| Less current maturities | (4,253) |
| Total notes payable—net | $ 402,474 |

## 11. REVOLVING CREDIT FACILITIES

The Company entered into a $15,000 revolving credit agreement with a corporate lender. As of December 31, 2025 and 2024, the Company had $15,000 and $15,000 in available credit under the revolving credit facility, respectively. Draws under the revolving credit facility bear interest and require interest payments monthly or quarterly in arrears. The interest rate on the revolving credit facility is variable based on a 6.0% margin rate plus a variable base. The revolving credit facility is secured by the tangible and intangible assets of the Company and its subsidiaries.

The revolving credit facility is subject to a quarterly fee on the unused portion of the maximum limit at a rate of 0.50% per annum. In accordance with the terms of the term loan, the Company has a total net leverage ratio covenant with which it was in compliance as of December 31, 2025.

## 12. MEMBERS' EQUITY

The Company's Limited Liability Agreement authorizes the issuance of 755,257.732 units of which 260,257.732 units are designated as preferred units and 495,000 units are designated as common units. 260,257.732 common units are reserved for issuance upon conversion of the preferred units. Upon the election of the holders of preferred units, the preferred units may convert into common units on a one-for-one basis. As of December 31, 2025, issued and outstanding units included 312,967.555 preferred units and 247,116.859 common units. As of December 31, 2024, issued and outstanding units included 312,967.555 preferred units and 234,742.268 common units.

The preferred units and the common units have no voting rights.

Distributions are paid in the following priority: (1) to holders of preferred units until unreturned capital is reduced to zero; (2) to holders of preferred units and common units proportionally based on total units issued and outstanding.

Net profits and losses of the Company are allocated among members in a manner such that the balance in each member's adjusted capital account for each fiscal year immediately after making all allocations required for the relevant fiscal year are, as nearly as possible, equal to the amount that would be distributed to such member if the Company were dissolved, its affairs wound up, and the net assets of the Company were distributed to the members in accordance with its operating agreement.

Dissolution or winding up of the Company requires the approval of the board of directors.

## 13. INCENTIVE UNITS

Common units are intended to represent profit interests in the Company and to incentivize individuals to achieve certain operating and financial objectives. The issuance of incentive units requires board of director approval and issued incentive units will be bound by the terms of the unit issuance agreement. Units granted typically vest only upon the sale of the Company, as defined in the unit issuance agreements. One agreement vested at issuance. All nonvested incentive units are subject to potential future forfeiture.

The table below details grants, forfeitures, and vesting of common incentive units for the years ended December 31, 2025 and 2024:

| | Common Units | |
|---|---|---|
| | Issued Units | Vested Units |
| Totals at January 1, 2024 | 19,868 | 5,440 |
| Units forfeited | (3,610) | - |
| Units granted | 1,138 | - |
| Totals at December 31, 2024 | 17,396 | 5,440 |
| Units forfeited | (3,525) | - |
| Units granted | 19,470 | - |
| Totals at December 31, 2025 | 33,341 | 5,440 |

Management estimated the grant-date fair values for the incentive units to be immaterial for financial reporting purposes.

## 14. FEDERAL INCOME TAXES

Federal income taxes are related to Adventis (Note 9); accordingly, the federal income tax expense and components of the provision are only included for the years ended December 31, 2025 and 2024. Income taxes were computed at the 21% statutory federal income tax rate and a reconciliation to the provision for income taxes for the years ended December 31, 2025 and 2024, is as follows:

| | 2025 | 2024 |
|---|---|---|
| Federal income tax, statutory rate | $ 485 | $ 64 |
| Other | - | 226 |
| Total | $ 485 | $ 290 |

The components of the provision for income taxes for the years ended December 31, 2025 and 2024, are as follows:

| | 2025 | 2024 |
|---|---|---|
| Current | $ 3 | $ 231 |
| Deferred | 482 | 59 |
| | $ 485 | $ 290 |

The tax effects of temporary differences that give rise to significant portions of deferred taxes at December 31, 2025 and 2024, consisted of the following:

| | 2025 | 2024 |
|---|---|---|
| Deferred tax assets: | | |
| Insurance loss reserve discounting | $ 212 | $ 106 |
| Adventis start-up costs | 6 | 7 |
| Unrealized loss on investments | - | 10 |
| Net operating loss carryforward | 2,927 | 369 |
| Gross deferred tax assets | 3,145 | 492 |
| Valuation Allowance | (3,145) | - |
| Net deferred tax assets | $ - | $ 492 |

The Company is required to periodically assess whether it is more likely than not that it will generate sufficient taxable income to realize its deferred tax assets. In making this determination, the Company considers all available positive and negative evidence and makes certain assumptions. The Company considers, among other things, its deferred tax liabilities, the overall business environment, and its outlook for future years. At December 31, 2025 and 2024, management recorded a valuation allowance of $3,145 and $0, respectively, for its net deferred tax assets.

## 15. RELATED-PARTY TRANSACTIONS

For the years ended December 31, 2025 and 2024, the Company had one franchisee partially owned by members of the Company that accounted for approximately $192 and $313 of revenues and approximately $63 and $64 of accounts receivable as of December 31, 2025 and 2024, respectively.

The Company has a management agreement with an entity for which an employee of the management company is also a board member of Adventis. The management company performed, under the direction of the Company, certain management and administrative services and accounting services. For the years ended December 31, 2025 and 2024, total management fees amounted to $65 and $102, respectively.

The Company incurred approximately $42 and $231 of out-of-pocket costs and other expenditures for the years ended December 31, 2025 and 2024, respectively, to a member of its parent company. All of these costs are included in selling, general, and administrative expenses in the consolidated statements of operations.

## 16. EMPLOYEE BENEFIT PLAN

The Company sponsors a defined 401(k) contribution plan (the "Plan") covering substantially all employees. Plan participants may make certain voluntary contributions in which they are 100% vested. The Company has agreed to make certain matching contributions to the Plan not to exceed the amount deductible for federal income tax purposes. The Company made matching contributions of $756 and $809 that are included in salaries and wages expenses in the consolidated statements of operations for the years ended December 31, 2025 and 2024, respectively.

## 17. SUBSEQUENT EVENTS

The Company evaluated all material events or transactions that occurred after December 31, 2025, the consolidated balance sheet date, through April 16, 2026, the date these consolidated financial statements were available to be issued. There were no significant or material subsequent events which would impact the consolidated financial statements for the year ended December 31, 2025.

* * * * * *

# UA Holdings, LLC and Subsidiaries

Consolidated Financial Statements as of and for the Years Ended December 31, 2024 and 2023, and Independent Auditor’s Report

# UA HOLDINGS, LLC AND SUBSIDIARIES

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Deloitte & Touche LLP
2200 Ross Ave.
Suite 1600
Dallas, TX 75201

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of UA Holdings, LLC:

### Opinion

We have audited the consolidated financial statements of UA Holdings, LLC and subsidiaries (the "Company"), which comprise the consolidated balance sheets as of December 31, 2024 and 2023, and the related consolidated statements of operations, changes in members' equity, and cash flows for the years then ended, and the related notes to the consolidated financial statements (collectively referred to as the "financial statements").

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

### Basis for Opinion

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

### Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for one year after the date that the financial statements are issued.

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

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Deloitte & Touche LLP

March 31, 2025

## UA HOLDINGS, LLC AND SUBSIDIARIES

### CONSOLIDATED BALANCE SHEETS
### AS OF DECEMBER 31, 2024 AND 2023
### (In thousands, except unit and par value data)

| | 2024 | 2023 |
|---|---|---|
| **ASSETS** | | |
| CURRENT ASSETS: | | |
| Cash and cash equivalents | $ 13,144 | $ 16,048 |
| Investments—at fair value | 4,376 | 6,877 |
| Accounts receivable—net | 24,645 | 15,981 |
| Inventory | 598 | 1,366 |
| Deferred attraction costs | 20,258 | 15,535 |
| Deferred initial franchise fee costs—current | 946 | 1,069 |
| Deferred income taxes | 492 | 551 |
| Prepaids and other current assets | 5,173 | 7,471 |
| Total current assets | 69,632 | 64,898 |
| DEFERRED INITIAL FRANCHISE FEE COSTS—Net of current maturities | 12,329 | 19,418 |
| OPERATING LEASE RIGHT-OF-USE ASSET—Net | 25,256 | 38,191 |
| PROPERTY AND EQUIPMENT—Net | 11,690 | 8,184 |
| GOODWILL—Net | 331,381 | 307,074 |
| INTANGIBLE ASSETS—Net | 432,462 | 343,739 |
| OTHER ASSETS | 388 | 112 |
| TOTAL ASSETS | $ 883,138 | $781,616 |
| **LIABILITIES AND MEMBERS' EQUITY** | | |
| CURRENT LIABILITIES: | | |
| Accounts payable | $ 5,722 | $ 4,017 |
| Accrued liabilities | 17,441 | 18,244 |
| Operating lease liability—current | 4,699 | 5,190 |
| Marketing funds | 3,703 | 3,396 |
| Deferred attractions revenues | 14,900 | 14,677 |
| Deferred franchise fee revenues—current | 3,505 | 2,893 |
| Unpaid insurance losses and loss adjustment expenses | 6,080 | 10,034 |
| Unearned insurance premium | 0 | 149 |
| Notes payable—current | 4,093 | 2,750 |
| Total current liabilities | 60,143 | 61,350 |
| OPERATING LEASE LIABILITY—Net of current portion | 31,039 | 42,068 |
| CONTRACT LIABILITIES—Net of current portion | 51,751 | 53,087 |
| NOTES PAYABLE—Net of current portion | 389,199 | 262,540 |
| Total liabilities | 532,132 | 419,045 |
| MEMBERS' EQUITY: | | |
| Members' equity: | | |
| Preferred units, $1,000 par value—312,968 and 260,258 authorized, issued, and outstanding | 313,777 | 256,078 |
| Common units, $1,000 par value—495,000 authorized; 234,742 issued, and outstanding, respectively | 165,447 | 166,044 |
| Accumulated deficit | (128,218) | (59,551) |
| Total members' equity | 351,006 | 362,571 |
| TOTAL LIABILITIES AND MEMBERS' EQUITY | $ 883,138 | $781,616 |

See notes to consolidated financial statements.

## UA HOLDINGS, LLC AND SUBSIDIARIES

### CONSOLIDATED STATEMENTS OF OPERATIONS
### FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023
### (In thousands)

| | 2024 | 2023 |
|---|---|---|
| REVENUES: | | |
| Royalty revenues | $ 85,301 | $ 56,147 |
| Attraction revenues | 22,611 | 23,757 |
| Merchandise revenues | 8,596 | 7,617 |
| Company-owned unit revenues | 15,001 | 19,370 |
| Franchise fee revenues | 15,770 | 4,526 |
| Marketing fund revenues | 25,823 | 23,995 |
| Net earned insurance premiums | (67) | 3,154 |
| Other revenues | 21,675 | 12,921 |
| Total revenues | 194,710 | 151,487 |
| OPERATING EXPENSES: | | |
| Attraction costs | 18,362 | 17,348 |
| Company-owned unit costs | 14,595 | 17,066 |
| Marketing fund costs | 25,823 | 23,995 |
| Salaries and wages | 38,076 | 25,809 |
| Incurred insurance losses and loss adjustment expenses | (7) | 7,060 |
| Selling, general, and administrative | 44,973 | 28,082 |
| Amortization of goodwill and intangibles | 64,469 | 53,620 |
| Depreciation and amortization expense | 2,039 | 1,868 |
| Total operating expenses | 208,330 | 174,848 |
| LOSS FROM OPERATIONS | (13,620) | (23,361) |
| OTHER (EXPENSES) INCOME: | | |
| Interest expense | (52,894) | (37,592) |
| Loss on disposal of property and equipment | (152) | (216) |
| Impairment of intangible assets | (2,273) | - |
| Other income—net | 824 | 901 |
| Total other expenses | (54,495) | (36,907) |
| LOSS BEFORE FEDERAL TAX BENEFIT AND STATE TAX EXPENSE | (68,115) | (60,268) |
| FEDERAL TAX (EXPENSE) BENEFIT | (290) | 863 |
| STATE TAX EXPENSE | (262) | (211) |
| NET LOSS | $ (68,667) | $ (59,616) |

See notes to consolidated financial statements.

# UA HOLDINGS, LLC AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CHANGES IN MEMBERS' EQUITY
## FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023
## (In thousands, except unit data)

| | Preferred Units | | Common Units | | Accumulated Earnings (Deficit) | Total Members' Equity |
|---|---|---|---|---|---|---|
| | Units | Amount | Units | Amount | | |
| BALANCE—January 1, 2023 | 260,258 | $ 260,258 | 234,742 | $ 169,814 | $ 65 | $ 430,137 |
| Member tax distributions | - | (4,180) | - | (3,770) | - | (7,950) |
| Net loss | - | - | - | - | (59,616) | (59,616) |
| BALANCE—December 31, 2023 | 260,258 | 256,078 | 234,742 | 166,044 | (59,551) | 362,571 |
| Member contributions | 52,710 | 58,325 | - | - | - | 58,325 |
| Member tax distributions | - | (626) | - | (597) | - | (1,223) |
| Net loss | - | - | - | - | (68,667) | (68,667) |
| BALANCE—December 31, 2024 | 312,968 | $ 313,777 | 234,742 | $ 165,447 | $ (128,218) | $ 351,006 |

See notes to consolidated financial statements.

# UA HOLDINGS, LLC AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS
## FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023
## (In thousands)

| | 2024 | 2023 |
|---|---|---|
| CASH FLOWS FROM OPERATING ACTIVITIES: | | |
| Net loss | $ (68,667) | $(59,616) |
| Adjustments to reconcile net income to net cash (used in) provided by operating activities: | | |
| Allowance for credit losses | 1,440 | 660 |
| Depreciation and amortization expense | 2,039 | 1,868 |
| Amortization of goodwill and intangibles | 64,469 | 53,620 |
| Amortization of debt issuance costs | 2,474 | 1,740 |
| Operating lease right-of-use asset amortization | 4,391 | 7,255 |
| Gain on transfer of operating lease right-of-use asset | (1,861) | (1,117) |
| Impairment of assets | 7,576 | 159 |
| Loss on disposal of property and equipment | 55 | 216 |
| Change in operating assets and liabilities—net: | | |
| Accounts receivable | (4,713) | (1,890) |
| Inventory | (8) | (607) |
| Deferred attractions costs | (4,723) | 3,106 |
| Deferred initial franchise fee costs | 7,932 | (284) |
| Deferred income taxes | 59 | (268) |
| Prepaids and other current assets | 2,095 | 1,635 |
| Accounts payable | 921 | 118 |
| Accrued liabilities | (7,595) | 4,958 |
| Marketing funds | (620) | (2,605) |
| Deferred attractions revenues | (153) | 635 |
| Contract liabilities | (3,602) | 9,773 |
| Operating lease liability | (4,575) | (3,681) |
| Unpaid insurance losses and loss adjustments | (3,954) | 3,663 |
| Unearned insurance premium | (149) | (2,719) |
| Insurance premium refunds and losses payable | - | (20) |
| Net cash (used in) provided by operating activities | (7,169) | 16,599 |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | |
| Cash paid for acquisitions—net of cash acquired (Note 2) | (175,216) | - |
| Purchases of property and equipment | (5,374) | (1,925) |
| Proceeds from sale of investments | 2,501 | 1,281 |
| Payments made and proceeds from notes receivable | (276) | 441 |
| Net cash used in investing activities | (178,365) | (203) |
| CASH FLOWS FROM FINANCING ACTIVITIES: | | |
| Payments made on line of credit | - | (2,000) |
| Proceeds from issuance of notes payable | 133,000 | - |
| Debt issuance costs | (3,378) | - |
| Payments made on notes payable | (4,094) | (2,750) |
| Member contributions | 58,325 | - |
| Member distributions | (1,223) | (7,950) |
| Net cash provided by (used in) financing activities | 182,630 | (12,700) |
| NET CHANGE IN CASH AND CASH EQUIVALENTS | (2,904) | 3,696 |
| CASH AND CASH EQUIVALENTS—Beginning of year | 16,048 | 12,352 |
| CASH AND CASH EQUIVALENTS—End of year | $ 13,144 | $ 16,048 |
| SUPPLEMENTAL DISCLOSURES—Cash paid for interest expense | $ 52,894 | $ 37,296 |
| NONCASH TRANSACTIONS: | | |
| Operating lease right-of-use asset obtained in exchange for operating lease liability | $ 506 | $ 12,886 |
| Acquired accrued liabilities | $ (6,793) | $ (11) |

See notes to consolidated financial statements.

### 1. NATURE OF OPERATIONS

UA Holdings, LLC (the "Company") commenced operations on January 30, 2018, as a Delaware limited liability company. The consolidated financial statements as of December 31, 2024 and 2023, include the accounts of the Company and its subsidiaries.

At December 31, 2024, the Company had a portfolio of seven brands consisting of "Urban Air Adventure Parks," a family entertainment franchisor; "Sylvan Learning," a franchisor providing supplemental and enrichment education for K-12 students which was acquired on February 16, 2024; "Snapology," a franchisor of STEM/STEAM curriculum for children; "The Little Gym," a franchisor of enrichment and physical development centers for children; "Premier Martial Arts," a franchisor of martial arts studios focused on children; "Class 101," a franchisor of college guidance services; and "XP League," a franchisor of youth eSports leagues. In addition to franchised owned locations, the Company owns and operates Company-owned locations of its brands and Adventis Insurance, Inc. ("Adventis") (Note 9) an insurance company previously providing general liability and workers compensation coverages to franchise owners of Urban Air Adventure Parks and operating in run-off as of December 31, 2024. The Company has a perpetual duration, unless dissolved earlier in accordance with the Company operating agreement. Company-owned locations totaled 12 and 26 at December 31, 2024, and 2023, respectively.

### 2. ACQUISITIONS

During the year ended December 31, 2024, the Company completed its acquisition of Sylvan Learning. On February 16, 2024, Unleashed Brands, LLC (Buyer) entered into a securities purchase agreement to purchase 100% of the operating assets and assume certain liabilities of Sylvan Learning. Sylvan Learning is the leading provider of personal learning for students in grades K-12. Sylvan Learning's mission to build academic confidence, ignite intellectual curiosity, and inspire a love for learning complemented the other brands in the Company's portfolio. Upon applying Financial Accounting Standards Board Accounting Standards Codification (ASC) 805, *Business Combinations*, $64,074 of goodwill was recognized. This goodwill primarily arises from the acquired workforce and the opportunity to extend existing customer relationships into new markets. As these components do not qualify as distinct intangible assets, they are included in goodwill. The goodwill is expected to be tax deductible.

The Sylvan Learning transaction was accounted for as a business combination. As a result, the consolidated statements of operations reflect Sylvan Learning's operating results from the acquisition date. Transaction costs related to the Sylvan Learning acquisition totaled $2,404 and are included in selling, general, and administrative expenses in the consolidated statements of operations for the year ended December 31, 2024. The base purchase consideration for the Sylvan Learning acquisition was $185,000, subject to certain customary postclosing adjustments, which resulted in $177,197 of cash paid and the acquisition of assets and assumption of liabilities.

The total purchase consideration has been allocated to the following assets and liabilities as of the February 16, 2024, acquisition date as follows:

| | |
|---|---|
| Cash and cash equivalents | $ 1,981 |
| Accounts receivable—net | 5,391 |
| Property and equipment—net | 226 |
| Franchise agreements | 100,500 |
| Trade name | 12,300 |
| Software | 2,900 |
| Goodwill | 64,074 |
| Other assets | 2,089 |
| Accounts payable | (784) |
| Accrued liabilities | (6,793) |
| Marketing funds | (927) |
| Other liabilities | (882) |
| Contract liabilities | (2,878) |
| Total purchase price | $ 177,197 |

In accordance with ASC 805, the total consideration transferred for the acquisition of Sylvan Learning was allocated to the identifiable assets acquired and liabilities assumed based on their respective acquisition-date fair values. The resulting allocation reflects the fair value of the net assets acquired. This allocation resulted in the recognition of the following intangible assets at the acquisition date: $100,500 to franchise agreements, $12,300 to the trade name, and $2,900 to internally developed software. Management determined the estimated fair values of intangible assets as of the Sylvan Learning acquisition date using the relief from royalty method for trademarks and income approach for franchise agreements. The relief from royalty method used to estimate the fair values of trademarks estimated projected future cost savings achieved by avoiding the use of third-party trademarks or licensing third-party software. Projected cash flows or cash savings are discounted at a required rate of return that reflects the relative risk of achieving the cash flows and the time value of money. Franchise agreements were valued using the income approach method used to estimate the fair values of franchise agreements. A derivation of discounted cash flow analysis, specifically the Multi period Excess Earnings Method was performed on the future projected cash flow of the existing franchise agreements. The fair value was then determined by adding the present value of the franchisee cash flows with the present value of the income tax benefit resulting from the amortization of the asset.

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**Basis of Presentation**—The consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). All significant intercompany balances and transactions have been eliminated in consolidation.

**Use of Estimates**—The preparation of consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates. The most significant estimates relate to measurement of unpaid insurance losses and loss adjustment expenses and impairment testing of intangible assets and goodwill.

**Cash and Cash Equivalents**—The Company considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. At December 31, 2024 and 2023, the Company had $403 and $775 in such investments, respectively. The Company maintains deposits primarily in three financial institutions, which may at times exceed amounts covered by insurance provided by the US Federal Deposit Insurance Corporation (FDIC). The Company has not experienced any losses related to amounts in excess of FDIC limits.

**Investments in Debt and Equity Securities**—Investments in equity securities, with readily determinable fair values, are measured at fair value at the time of purchase, with subsequent changes in fair value included in other income or expense in the consolidated statements of operations. All of the Company's debt securities as of December 31, 2024 and 2023, were classified as available for sale. Available-for-sale securities may be sold prior to maturity and are carried at fair value. The Company accounts for its investments in debt securities in accordance with ASC 320, *Investments—Debt Securities*. Management determines the appropriate classification of its investments at the time of purchase and reevaluates such determination at each balance sheet date.

The amortized cost of debt securities is adjusted using the effective interest rate method for amortization of premiums and accretion of discounts. Such amortization and accretion are included in other income in the consolidated statements of operations. Net unrealized (losses) and gains on available-for-sale debt securities were ($17) and $190 for the years ended December 31, 2024 and 2023, respectively.

**Other-than-Temporary Impairments on Investments**—The Company determines other-than-temporary impairments on debt securities in accordance with certain provisions of ASC 320. This guidance requires the Company to evaluate whether it intends to sell an impaired debt security or whether it is more likely than not that it will be required to sell an impaired debt security before recovery of the amortized cost basis. If either of these criteria are met, an impairment equal to the difference between the debt security's amortized cost and its fair value is recognized in earnings. For impaired debt securities that do not meet these criteria, the Company determines if a credit loss exists with respect to the impaired security. If a credit loss exists, the credit loss component of the impairment, which is equal to the difference between the security's amortized cost and its projected net present value of future cash flows from the security, is recognized in other income. For the years ended December 31, 2024 and 2023, no impairment related to debt securities was recorded. At December 31, 2024 and 2023, the Company held $4,005 and $4,626, respectively, in debt securities.

**Accounts Receivable**—Accounts receivable consist of franchise royalties and other costs billed to franchisees. Accounts receivable are stated at amounts management expects to collect from outstanding balances. Credit is extended to customers based upon evaluation of the customer's financial condition, and collateral is not required. Management provides for probable uncollectible amounts through a charge to earnings and a credit to a valuation allowance based on its assessment of the current status of individual accounts. Balances still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. As of December 31, 2024 and 2023, the Company had an allowance for credit losses of $3,662 and $1,644, respectively.

**Inventory**—Inventory is stated at the lower of cost or net realizable value using the first-in, first-out method. The Company records a provision for obsolete and slow-moving inventory, when necessary, based on current inventory levels, as well as historical and expected future production levels. Based on the Company's assessment, there was a provision for obsolete inventory of $791 and $0 for the years ended December 31, 2024 and 2023, respectively, and no lower of cost or net realizable value adjustments at December 31, 2024 and 2023.

**Deferred Initial Franchise Fee Costs**—The Company has capitalized costs in relation to commission costs incurred for the sale of franchise agreements. Capitalized costs directly related to these activities are $13,275 and $20,487 as of December 31, 2024 and 2023, respectively, and are reported as deferred initial franchise fee costs in the accompanying consolidated balance sheets.

**Leases**—The Company recognizes the assets and liabilities that arise from leases in the consolidated balance sheets. At lease inception, leases are classified as either finance leases or operating leases with the associated right-of-use assets and lease liabilities measured at the net present value of future lease payments. Operating lease right-of-use assets are expensed on a straight-line basis as lease expense over the noncancelable lease term. Lease expense for the Company's finance leases is composed of the amortization of the right-of-use asset and interest expense recognized based on the effective interest method. As of December 31, 2024 and 2023, the Company recorded operating lease right-of-use assets and lease liabilities at their fair value.

The Company has elected not to separate lease and nonlease components for all asset classes.

When the rate implicit in the lease is not determinable, rather than use the Company's incremental borrowing rate, the Company elected to use a risk-free discount rate, based on similar term US Treasury note or bond rates, for the initial and subsequent measurement of lease liabilities for all asset classes.

The Company elected not to apply the recognition requirements to all leases with an original term of 12 months or less, for which the Company is not likely to exercise a renewal option or purchase the asset at the end of the lease; rather, short-term leases will continue to be recorded on a straight-line basis over the lease term.

**Contract Assets and Liabilities**—The Company has contract liabilities, which represent deferred revenues from certain preopening activities and area development fees. The Company has determined that preopening activities and area development fees do not represent distinct goods or services transferred to the franchisee. Accordingly, these costs are deferred over the related franchise agreement, which is typically 10 years.

The Company's contract assets relating to attraction costs include the costs to acquire and transport the attraction equipment, labor for its installation, and other indirect costs related to contract performance. All costs incurred are recorded in the consolidated balance sheets as deferred attraction costs and are incurred on uncompleted attractions until the associated revenues are realizable, which is typically at the grand opening. As of December 31, 2024 and 2023, incurred costs related to unopened franchise locations totaled $20,258 and $15,535, respectively.

**Fair Value of Financial Instruments**—The Company's financial instruments include cash, investments, accounts receivable, and accounts payable. As of December 31, 2024 and 2023, the carrying value of these financial instruments approximate their fair values because of the short-term maturities or variable borrowing rate nature of these instruments.

**Property and Equipment**—Property and equipment are stated at cost, less accumulated depreciation. Expenditures which substantially improve or extend the useful life of property are capitalized. Routine maintenance and repair costs are expensed as incurred. Property and equipment are capitalized if they have individual costs of at least $5 and useful lives of greater than one year. Leasehold improvements are amortized over the lesser of the lease term or useful life if applicable. Upon retirement or disposition of property and equipment, the cost and related accumulated depreciation are removed from the accounts, and the gains or losses are reflected in the consolidated statements of operations.

Depreciation and amortization are calculated using the straight-line method over the established useful lives of the individual assets as follows:

| | Useful Lives |
|---|---|
| Transportation assets | 3–5 years |
| Leasehold improvements | 7–15 years |
| Computer and software | 3 years |
| Furniture, fixtures, and equipment | 5 years |
| Vehicles | 5 years |

**Impairment of Long-Lived Assets**—In accordance with ASC 360-10, *Accounting for the Impairment or Disposal of Long-Lived Assets*, the Company reviews long-lived assets for impairment whenever events or changes in circumstances indicate the carrying amount of an asset may no longer be recoverable. The Company assesses recoverability of the carrying amount by estimating the undiscounted future net cash flows expected to result from the asset over its expected useful life, including eventual disposition. If the future undiscounted net cash flows are less than the carrying amount of the asset, an impairment loss is recorded equal to the difference between the assets carrying amount and its fair value. No impairment of long-lived assets was recognized for the years ended December 31, 2024 and 2023.

**Goodwill and Intangible Assets**—The Company amortizes goodwill over 10 years. Intangible assets acquired in a business combination are recorded at fair value. Intangible assets with finite lives are amortized based on the pattern in which the economic benefits of the assets are estimated to be consumed, or using the straight-line method if that pattern cannot be reliably determined, over the useful lives as disclosed in Note 6.

The Company tests goodwill and other definite-lived intangible assets for impairment if an event occurs or changes in circumstance indicate that the fair value of the entity may be below its carrying value. A goodwill impairment loss, if any, is measured as the amount by which the carrying value of the entity including goodwill exceeds its fair value.

Indefinite-lived assets are not amortized but are evaluated for impairment on an annual basis or more frequently if indicators of impairment are present. Impairment charges related to indefinite-lived assets are recognized when the fair value is less than the carrying value of the asset. Costs incurred to renew or extend the term of a recognizable asset are expensed as incurred. During the years ended December 31, 2024 and 2023, the Company recorded impairment of $2,273 and $0, respectively, as disclosed in Note 6.

**Insurance Related Activities**—The Company used Adventis, a wholly owned subsidiary of the Company and captive insurance company to issue policies for general liability coverage and workers' compensation coverage to franchise owners. The Company ceased issuing general liability policies effective May 2023 and workers' compensation coverages effective May 2024 and is currently operating in run-off.

***Unpaid Insurance Losses and Loss Adjustment Expenses***—Reserves for unpaid losses and loss adjustment expenses includes case basis estimates of reported losses, plus amounts for incurred but not reported (IBNR) losses calculated based upon loss projections utilizing industry data. In establishing this reserve, the Company utilizes the findings of an independent consulting actuary. Management believes that its aggregate reserve for unpaid losses and loss adjustment expenses at year-end represents its best estimate, based on the available data, of the amount necessary to cover the ultimate cost of losses. As adjustments to these estimates become necessary, such adjustments are reflected in current operations.

***Insurance Premiums***—Premiums are earned over the period that coverage is provided. Unearned premiums are calculated on a daily pro rata basis for the unexpired terms of individual policies in force.

***Premium Deficiency***—The Company recognizes premium deficiencies when there is a probable loss on an insurance contract. Premium deficiencies are recognized if the sum of expected losses and loss adjustment expenses, expected dividends to the policy holder, unamortized deferred acquisition costs, and maintenance costs exceed unearned premiums and anticipated investment income. There were no premium deficiencies for the years ended December 31, 2024 and 2023.

**Revenue Recognition**—The Company's revenues are substantially composed of service revenues. Revenue is recognized when the Company satisfies its performance obligation under each contract after it has provided the service to each customer. A performance obligation is a promise in a contract to transfer a distinct product or service to a customer.

Revenue is measured as the amount of consideration the Company expects to receive in exchange for transferring products or providing services. The nature of the Company's contracts do not give rise to any notable amounts of variable consideration with its customers. The Company's contracts do not give rise to any significant financing components (including contracts where the timing of the transfer of goods or services is at the discretion of the customer). The type or location of services performed do not significantly impact the nature, amount, timing, or uncertainty of revenues and cash flows.

The Company performs the following obligations within each franchise agreement contract—approval of real estate and facility layout for nonmobile units, training of the franchisee, and providing access to the respective brand's intellectual property, which are not distinct within the context of the contract. The Company has concluded that there is a single performance obligation related to each contract recognized at the time of the unit opening.

Substantially, all of the Company's revenues are from services provided to customers at a point in time, with the exception of franchise fee revenue and insurance premiums, which are deferred and recognized over the term of the related agreements.

The Company's costs which are not incremental to obtaining a contract are expensed as incurred.

Sales, value added, and other taxes collected from customers and remitted to governmental authorities are accounted for on a net (excluded from revenues) basis.

The primary sources of revenue for the Company are recognized as follows:

***Royalty Revenues***—Royalty revenue is recognized in the period earned and ranges from 7–16% of gross revenue based on the franchise brand. Royalty revenues are allocated to the outcome from the performance obligation of having access to the license, i.e., franchise location's monthly sales. The Company records the royalty revenue as the franchisee's monthly sales occur.

***Attraction Revenues***—Attraction revenue is recognized as revenue when earned, which is at the grand opening of the associated franchised park.

***Merchandise Revenues***—Merchandise revenue relates to commissions received from third-party companies that purchase inventory and sell merchandise to franchisee locations. The third-party vendors provide this merchandise at a cost to the franchisees that is lower than they could otherwise purchase individual items in like quantities, quality, etc. The third parties, under license from the Company of its trademarks, procure licensed products from manufacturers and sell them to the Company's franchisees. The Company recognizes revenue as the underlying purchases are made by the franchisees, net of estimated returns, based on agreed-upon commission rates.

***Franchise Fee Revenues***—Franchise fee revenue is recognized as revenue when earned. The Company receives an initial franchise fee as franchise agreements are signed. Franchise fee revenue is deferred until opening of the location, and then recognized over the term of the franchise agreement, which is typically 10 years (over time revenue). At December 31, 2024 and 2023, deferred franchise fee revenues totaled $55,256 and $55,980, respectively, and are classified as contract liabilities in the consolidated balance sheets (Note 7). Due to closures and terminations in the Premier Martial Arts brand, the Company accelerated recognition of $10,758 and $650 of revenue for the years ended December 31, 2024 and 2023, respectively, and $8,729 and $514 of related costs for the years ended December 31, 2024 and 2023, respectively, which are presented in franchise fee revenues and salaries and wages within the consolidated statements of operations, respectively.

***Other Revenues***—Other revenues include various ancillary revenue streams all recognized when earned, which is generally as services are performed.

***Marketing Fund Revenues***—The Company administers various marketing funds for its brands, for which franchisees and Company-owned parks both contribute. The contributions range from 1–4.5% of gross sales based on the franchise brand. These contributions are used for various forms of brand advertising in accordance with its various brand franchise agreements. The Company has a contractual obligation to use marketing fund contributions for advertising, public relations, merchandising, and similar activities. Marketing fund liabilities are included in the consolidated balance sheets as marketing funds and totaled $3,703 and $3,396 as of December 31, 2024 and 2023, respectively. Marketing fund revenues and expenditures are recorded on a gross basis within the consolidated statements of operations as contributions are billed, increasing both the gross amount of reported revenues and expenses and generally has no impact on income (loss) from operations and net income (loss).

The Company disaggregates revenue from contracts with customers by project type, as the Company believes it best depicts how the nature, amount, timing, and uncertainty of revenue and cash flows are affected by economic factors. All the Company's revenues are recognized at a point-in-time with the exception of initial franchise fees and insurance premiums, which are recognized over the term of the related agreements. The following table presents the Company revenues disaggregated by timing:

| | **2024** | **2023** |
|---|---|---|
| Over time revenue | $ 15,703 | $ 7,680 |
| Point in time revenue | 179,007 | 143,807 |
| | $ 194,710 | $ 151,487 |

**Advertising Costs**—Advertising costs include discretionary local and national campaign marketing expenses associated with the Sylvan Brand, franchise recruitment marketing and other general corporate marketing expenditures and are included in selling, general, and administrative expenses in the consolidated statements of operations. Advertising costs are expensed as incurred and totaled $13,160 and $4,149 for the years ended December 31, 2024 and 2023, respectively. Franchisee contributions for the discretionary local marketing for Sylvan Learning are included in other revenues within the consolidated statements of operations.

**Debt Financing Costs**—Costs related to obtaining financing are capitalized and presented as a deduction against the corresponding debt. Debt financing costs are amortized over the respective debt agreement using the effective interest method with amortization expense included in interest expense in the consolidated statements of operations. In December 2022, the Company recorded $8,700 in gross debt financing costs related to its term loan that is being amortized over the term of the debt. In February 2024, the Company recorded an additional $3,378 in gross debt financing costs in relation to borrowings to complete the Sylvan Learning acquisition. Amortization expense totaled $2,474 and $1,740 for the years ended December 31, 2024 and 2023, respectively. Unamortized debt financing costs were $7,865 and $6,960 as of December 31, 2024 and 2023, respectively.

**Income Taxes**—The Company is organized as a Delaware limited liability company and, therefore, federal tax obligations are passed through to its members. The Company is subject to various state taxes.

The Company accounts for uncertain tax positions in accordance with the asset and liability method. The Company has evaluated its tax positions and has not identified any material uncertain tax positions that would not be sustained in federal or state income tax examination or that require disclosure. Accordingly, no provision for uncertainties in income taxes has been made in the accompanying consolidated financial statements. The Company recognizes interest and penalties on income taxes as a component of income tax expense.

## 4. FAIR VALUE MEASUREMENTS

ASC 820, *Fair Value Measurements and Disclosures*, defines fair value as the price that would be received to sell an asset, or paid to transfer a liability, in the principal or most advantageous market in an orderly transaction between market participants on the measurement date. The fair value standard also establishes a three-level hierarchy, which requires an entity to maximize the use of observable inputs and minimize the use of observable inputs when measuring fair value.

The valuation hierarchy is based upon the transparency of inputs to the valuation of an asset or liability on the measurement date. The three levels are defined as follows:

***Level 1***—Quoted prices are available in active markets for identical instruments as of the reporting date. The type of instruments included in Level 1 include listed equities and listed derivatives.

***Level 2***—Pricing inputs are other than quoted prices in active markets, which are either directly or indirectly observable as of the reporting date, and fair value is determined through the use of models or other valuation methodologies. Instruments which are generally included in this category include corporate bonds and loans, less liquid and restricted equity securities and certain over-the-counter derivatives.

***Level 3***—Pricing inputs are unobservable for the instrument and include situations where there is little, if any, market activity for the instrument. The inputs into the determination of fair value require significant management judgment or estimation. Instruments that are included in this category generally include general and limited partnership interests in corporate private equity and real estate funds, mezzanine funds, funds of hedge funds, distressed debt, and noninvestment grade residual interests in securitizations and collateralized debt obligations.

The Company classified its investments in exchange-traded funds as Level 1 in accordance with the criteria described above.

The following table presents the Level 1, Level 2, and Level 3 financial instruments measured, reported, and carried at fair value, as of December 31, 2024, in accordance with the valuation hierarchy:

| | **Level 1** | **Level 2** | **Level 3** | **Total** |
|---|---|---|---|---|
| Debt securities: | | | | |
| Corporate bonds | $ - | $ 7 | $ - | $ 7 |
| Other fixed income | - | 2,301 | - | 2,301 |
| Treasury securities | - | 1,697 | - | 1,697 |
| Subtotal | - | 4,005 | - | 4,005 |
| Equity: | | | | |
| Common stocks | - | - | - | - |
| Preferred stocks | 371 | - | - | 371 |
| Subtotal | 371 | - | - | 371 |
| Total | $ 371 | $ 4,005 | $ - | $ 4,376 |

The following table presents the Level 1, Level 2, and Level 3 financial instruments measured, reported, and carried at fair value, as of December 31, 2023, in accordance with the valuation hierarchy:

| | **Level 1** | **Level 2** | **Level 3** | **Total** |
|---|---|---|---|---|
| Debt securities: | | | | |
| Corporate bonds | $ - | $ 7 | $ - | $ 7 |
| Other fixed income | - | 2,591 | - | 2,591 |
| Treasury securities | - | 2,028 | - | 2,028 |
| Subtotal | - | 4,626 | - | 4,626 |
| Equity: | | | | |
| Common stocks | 700 | - | - | 700 |
| Preferred stocks | 338 | - | - | 338 |
| Exchange traded funds | 352 | - | - | 352 |
| Subtotal | 1,390 | - | - | 1,390 |
| Private equity funds | - | - | 861 | 861 |
| Total | $ 1,390 | $ 4,626 | $ 861 | $ 6,877 |

Investments in equity securities were measured using Level 1 fair values based upon observable quoted market prices from national security exchanges.

Investments in debt securities were measured using Level 2 fair values based upon inputs, such as benchmark yields, reported trades, broker/dealer quotes, issuer spreads, benchmark securities, offers, bids, and reference data.

Investments in alternative investments funds held by the Company as of December 31, 2024 and 2023, using significant unobservable inputs (Level 3) to measure fair value did not change from December 31, 2023, to December 31, 2024. Accordingly, no change to net unrealized and realized gains or losses were recorded in the consolidated statements of operations.

The Company may withdraw funds monthly or quarterly, depending on the fund. There are no unfunded capital commitments as of December 31, 2024 and 2023.

The Company's nonfinancial assets, which primarily consist of property and equipment, right-of-use assets, goodwill and other intangible assets, are not required to be carried at fair value on a recurring basis and are reported at carrying value.

## 5. PROPERTY AND EQUIPMENT—NET

Property and equipment at December 31, 2024 and 2023, consisted of the following:

| | 2024 | 2023 |
|---|---|---|
| Company-owned units | $ 4,907 | $ 5,000 |
| Leasehold improvements | 5,191 | 5,182 |
| Computer and software | 5,635 | 4,638 |
| Furniture and fixtures | 1,163 | 928 |
| Vehicles | 70 | 70 |
| Construction in progress | 5,173 | 816 |
| Subtotal | 22,139 | 16,634 |
| Less accumulated depreciation and amortization | (10,449) | (8,450) |
| Property and equipment—net | $ 11,690 | $ 8,184 |

Depreciation and amortization expense for the years ended December 31, 2024 and 2023, was $2,039 and $1,868, respectively.

## 6. GOODWILL AND INTANGIBLE ASSETS—NET

Goodwill and intangible assets at December 31, 2024, consist of the following:

| | Economic Life | Total Intangible Assets and Goodwill | Accumulated Amortization | Net Intangible Assets and Goodwill |
|---|---|---|---|---|
| Royalty agreements | 13–20 years | $ 438,000 | $ (42,252) | $ 395,748 |
| Trade names | Indefinite | 33,100 | - | 33,100 |
| Customer relationships | 5 years | 2,600 | (1,040) | 1,560 |
| Software | 3 years | 2,900 | (846) | 2,054 |
| Goodwill | 10 years | 405,682 | (74,301) | 331,381 |
| Total | | $ 882,282 | $ (118,439) | $ 763,843 |

Goodwill and intangible assets at December 31, 2023, consist of the following:

| | Economic Life | Total Intangible Assets and Goodwill | Accumulated Amortization | Net Intangible Assets and Goodwill |
|---|---|---|---|---|
| Royalty agreements | 13–20 years | $ 337,700 | $ (18,941) | $ 318,759 |
| Trade names | Indefinite | 22,900 | - | 22,900 |
| Customer relationships | 5 years | 2,600 | (520) | 2,080 |
| Goodwill | 10 years | 341,607 | (34,533) | 307,074 |
| Total | | $ 704,807 | $ (53,994) | $ 650,813 |

Amortization expense for the years ended December 31, 2024 and 2023, was $64,469 and $53,620, respectively. During the year ended December 31, 2024, the Company determined that the carrying values of certain intangible assets were in excess of their fair values. Accordingly, the Company recorded an impairment loss of $2,100 related to trade names and an impairment loss of $173 related to royalty agreements. There was no impairment for goodwill or intangible assets recorded for the year ended December 31, 2023.

The amortization of royalty agreements, customer relationships, software, and goodwill for the years ending December 31 are as follows:

| Royalty Agreements | | Customer Relationships | | Software | | Goodwill | |
|---|---|---|---|---|---|---|---|
| 2025 | $ 23,953 | 2025 | $ 520 | 2025 | $ 967 | 2025 | $ 40,567 |
| 2026 | 23,953 | 2026 | 520 | 2026 | 967 | 2026 | 40,567 |
| 2027 | 23,953 | 2027 | 520 | 2027 | 120 | 2027 | 40,567 |
| 2028 | 23,953 | 2028 | - | 2028 | - | 2028 | 40,567 |
| 2029 | 23,953 | 2029 | - | 2029 | - | 2029 | 40,567 |
| Thereafter | 275,983 | Thereafter | - | Thereafter | - | Thereafter | 128,546 |
| Total | $ 395,748 | Total | $ 1,560 | Total | $ 2,054 | Total | $ 331,381 |

## 7. CONTRACT LIABILITIES

Contract liabilities at December 31, 2024 and 2023, consisted of the following:

| | 2024 | 2023 |
|---|---|---|
| Franchise fees—net | $ 55,256 | $ 55,980 |
| Attraction revenues | 14,900 | 14,677 |
| Subtotal | 70,156 | 70,657 |
| Less current portion | (18,405) | (17,570) |
| Contract liabilities—net of current portion | $ 51,751 | $ 53,087 |

## 8. COMMITMENTS AND CONTINGENCIES

**Operating Leases**—Right-of-use assets represent the Company's right to use an underlying asset for the lease term, while lease liabilities represent the Company's obligation to make lease payments arising from the lease. Right-of-use assets and lease liabilities are recognized at the commencement date of a lease based on the net present value of lease payments over the lease term.

Certain of the Company's leases include options to renew or terminate the lease. The exercise of lease renewal or early termination options is at the Company's sole discretion. The Company regularly evaluates the renewal and early termination options and when they are reasonably certain of exercise, the Company includes such options in the lease term.

Right-of-use assets are assessed for impairment in accordance with the Company's long-lived asset policy. The Company reassesses lease classification and remeasures right-of-use assets and lease liabilities when a lease is modified, and that modification is not accounted for as a separate new lease or upon certain other events that require reassessment in accordance with Topic 842. During 2024, the Company terminated certain operating leases in conjunction with the targeted closure of Company-owned locations. This resulted in impairment of right-of use assets totaling $3,584 which is included in selling, general, and administrative expenses in the consolidated statements of operations.

The Company makes significant assumptions and judgments in assessing its right-of-use assets and lease liabilities:

- Evaluates whether a contract contains a lease, by considering factors, such as whether the Company obtained substantially all rights to control an identifiable underlying asset and whether the lessor has substantive substitution rights.
- Determines whether contracts contain embedded leases.
- Evaluates leases with similar commencement dates, lengths of term, renewal options, or other contract terms, which, therefore, meet the definition of a portfolio of leases, whether to apply the portfolio approach to such leases.
- Determines for leases that contain a residual value guarantee, whether a payment at the end of the lease term was probable and, accordingly, whether to consider the amount of a residual value guarantee in future lease payments.

The Company does not have material leasing transactions with related parties.

The Company's lease agreements contain lease incentives related to tenant improvement allowances. During the years ended December 31, 2024 and 2023, tenant improvement allowances reimbursed by the landlords totaled $1,564 and $1,606, respectively. The Company recorded an impairment loss on two tenant improvement allowances of $1,052 for the year ended December 31, 2024, that are included in selling, general, and administrative expenses in the consolidated statements of operations. Included in the Company's prepaids and other current assets in the consolidated balance sheets are tenant improvement allowance receivables of $2,432 and $5,051 as of December 31, 2024 and 2023, respectively.

The following table summarizes the lease right-of-use assets and lease liabilities as of December 31, 2024 and 2023:

| | **2024** | **2023** |
|---|---|---|
| Right-of-use assets—operating leases | $ 25,256 | $ 38,191 |
| Lease liabilities: | | |
| Current operating lease liabilities | $ 4,699 | $ 5,190 |
| Long-term operating lease liabilities | 31,039 | 42,068 |
| Total lease liabilities | $ 35,738 | $ 47,258 |

Below is a summary of expenses incurred pertaining to leases for the years ended December 31, 2024 and 2023:

| | **2024** | **2023** |
|---|---|---|
| Operating lease expense | $ 6,135 | $ 7,323 |
| Sublease income | (163) | (68) |
| Total lease expense | $ 5,972 | $ 7,255 |
| Weighted-average remaining lease term (in years)—operating leases | 7.64 | 8.55 |
| Weighted-average discount rate—operating leases | 2.83 % | 2.80 % |

Total rent expense, including variable lease costs, such as common area maintenance and property taxes, totaled $7,418 and $8,487 for the years ended December 31, 2024 and 2023, respectively. These costs are included in Company-owned unit costs and selling, general, and administrative expenses in the consolidated statements of operations.

The table below summarizes the Company's scheduled future minimum lease payments for years ending after December 31, 2024:

| **Years Ending December 31** | |
|---|---|
| 2025 | $ 5,645 |
| 2026 | 5,841 |
| 2027 | 4,795 |
| 2028 | 4,618 |
| 2029 | 4,570 |
| Thereafter | 14,602 |
| Total lease payments | 40,071 |
| Less present value discount | (4,333) |
| Total lease liabilities | 35,738 |
| Less current portion | (4,699) |
| Long-term lease liabilities | $ 31,039 |

**Lease Guarantees**—On occasion, the Company has acted as co-guarantor with certain of its franchisees in connection with leases necessary in establishing their businesses. As of December 31, 2024 and 2023, the Company had limited guarantees for leases on 10 and nine franchised locations, respectively, totaling a maximum of $9,878 and $12,129, respectively, in potential lease payments.

**Litigation**—The Company may be a party to routine claims brought against it in the ordinary course of business. The Company estimates whether such liabilities are probable to occur and whether reasonable estimates can be made and accrues liabilities when both conditions are met. Although the ultimate outcome of these matters, if and when they arise, cannot be accurately predicted due to the inherent uncertainty of litigation, in the opinion of management, based upon current information, no currently pending or overtly threatened claim is expected to have a material adverse effect on the Company's business, financial condition, or results of operations. However, it is possible that an unfavorable resolution of one or more such future proceedings could materially and adversely affect the Company's consolidated financial position, results of operations, or cash flows.

## 9. INSURANCE ACTIVITIES

General liability limits provided are $250 per occurrence with no aggregate limit. Worker's compensation limits provided are $500 per occurrence with an aggregate limit of 150% of the gross written premium. There were no policies issued during 2024, and all policies issued during 2023 expired on May 27, 2024, to concur with primary policy terms. Premiums written for the years ended December 31, 2024 and 2023, were $0 and $389, respectively. Net premiums assumed for the years ended December 31, 2024 and 2023, were a loss of $67 and earnings of $3,154, respectively.

**Incurred and Paid Claims Development by Accident Year**—IBNR reserve estimates are generally calculated by first projecting the ultimate cost of all claims that have occurred and then subtracting reported losses and loss expenses. Loss projections based upon industry data to develop loss development factors that multiplicatively accumulated to arrive at age-to-ultimate loss development factors.

Reported losses include cumulative paid losses and loss expenses, plus case reserve estimates. The IBNR reserve includes a provision for the claims that have occurred but have not yet been reported, some of which are not yet known to the Company, as well as a provision for the future development on reported claims. The following paragraph details the IBNR liabilities and claims frequency, which is measured by claim event, for each accident year presented for the general liability coverage. Claim counts for the general liability coverage are presented based upon the number of claim occurrences reported.

For the year ended December 31, 2024, the Company incurred cumulative claims and claim adjustment expenses of $14,881 and had cumulative paid claims and allocated claim adjustment expenses of $8,988, resulting in liabilities for claims and claim adjustment expenses of $5,893. For the year ended December 31, 2023, the Company incurred cumulative claims and claim adjustment expenses of $14,478 and had cumulative paid claims and allocated claim adjustment expenses of $4,786, resulting in liabilities for claims and claim adjustment expenses of $9,692. For the year ended December 31, 2024, expected development on reported claims and IBNR totaled $3,550, with cumulative reported claims of 949. For the year ended December 31, 2023, expected development on reported claims and IBNR totaled $7,538, with cumulative reported claims of 753.

The unpaid insurance losses and loss adjustment expenses presented as liabilities in the consolidated balance sheets at December 31, 2024, include the liabilities for claims and claim adjustment expenses of $5,893, and unallocated loss and loss adjustment expenses of $187.

The unpaid insurance losses and loss adjustment expenses presented as liabilities in the consolidated balance sheets at December 31, 2023, include the liabilities for claims and claim adjustment expenses of $9,692, and unallocated loss and loss adjustment expenses of $342.

## 10. NOTES PAYABLE

In December 2022, the Company entered into a $275,000 term loan facility with a corporate lender. In December 2022, the Company drew $275,000 on this facility. In February 2024, this facility was amended to add $133,000 of borrowing power to facilitate the Sylvan Learning acquisition. The term loan requires interest payments on either a monthly or quarterly basis in arrears for which the Company typically has made payments on a quarterly basis. The interest rate on the term loan is based on a 7.5% margin rate plus a variable base. At December 31, 2024 and 2023, the interest rate was 12.25% and 13%, respectively. The term loan requires quarterly principal payments in an amount equal to 0.25% of the original gross principal amount borrowed under the agreement. The term loan is secured by the tangible and intangible assets of the Company and its subsidiaries. The principal outstanding balance under the term loan was $401,157 and $272,250 at December 31, 2024 and 2023, respectively. The term loan matures in December 2027 when all principal and accrued interest is due.

In accordance with the terms of the term loan, the Company has a total net leverage ratio covenant with which it was in compliance as of December 31, 2024.

A summary of notes payable outstanding at December 31, 2024 and 2023, is as follows:

| | 2024 | 2023 |
|---|---|---|
| Term Loan | $ 401,157 | $ 272,250 |
| Less unamortized debt costs | (7,865) | (6,960) |
| Less current maturities | (4,093) | (2,750) |
| Total notes payable—net | $ 389,199 | $ 262,540 |

As of December 31, 2024, future principal payments due on the notes payable for the years ending December 31 are as follows:

| | |
|---|---|
| 2025 | $ 4,093 |
| 2026 | 4,093 |
| 2027 | 392,971 |
| Subtotal | 401,157 |
| Less unamortized debt costs | (7,865) |
| Less current maturities | (4,093) |
| Total notes payable—net | $ 389,199 |

## 11. REVOLVING CREDIT FACILITIES

The Company entered into a $15,000 revolving credit agreement with a corporate lender. In December 2022, the Company drew $2,000 on this facility and subsequently repaid in full the $2,000 in August 2023. As of December 31, 2024 and 2023, the Company had $15,000 in available credit under the revolving credit facility, respectively. Draws under the revolving credit facility bear interest and require interest payments monthly or quarterly in arrears. The interest rate on the revolving credit facility is variable based on a 7.5% margin rate plus a variable base. The revolving credit facility is secured by the tangible and intangible assets of the Company and its subsidiaries.

The revolving credit facility is subject to a quarterly fee on the unused portion of the maximum limit at a rate of 0.50% per annum. In accordance with the terms of the term loan, the Company has a total net leverage ratio covenant with which it was in compliance as of December 31, 2024.

## 12. MEMBERS' EQUITY

The Company's Limited Liability Agreement authorizes the issuance of 755,257.732 units of which 260,257.732 units are designated as preferred units and 495,000 units are designated as common units. 260,257.732 common units are reserved for issuance upon conversion of the preferred units. Upon the election of the holders of preferred units, the preferred units may convert into common units on a one-for-one basis. As of December 31, 2024, issued and outstanding units included 312,967.555 preferred units and 234,742.268 common units. As of December 31, 2023, issued and outstanding units included 260,257.732 preferred units and 234,742.268 common units.

The preferred units and the common units have no voting rights.

Distributions are paid in the following priority: (1) to holders of preferred units until unreturned capital is reduced to zero; (2) to holders of preferred units and common units proportionally based on total units issued and outstanding.

Net profits and losses of the Company are allocated among members in a manner such that the balance in each member's adjusted capital account for each fiscal year immediately after making all allocations required for the relevant fiscal year are, as nearly as possible, equal to the amount that would be distributed to such member if the Company were dissolved, its affairs wound up, and the net assets of the Company were distributed to the members in accordance with its operating agreement.

Dissolution or winding up of the Company requires the approval of the board of directors.

**13. INCENTIVE UNITS**

Common units are intended to represent profit interests in the Company and to incentivize individuals to achieve certain operating and financial objectives. The issuance of incentive units requires board of director approval and issued incentive units will be bound by the terms of the unit issuance agreement. Units granted typically vest only upon the sale of the Company, as defined in the unit issuance agreements. One agreement vested at issuance. All nonvested incentive units are subject to potential future forfeiture.

The below table details grants, forfeitures, and vesting of common incentive units for the years ended December 31, 2024 and 2023:

| | Common Units | |
|---|---|---|
| | Issued Units | Vested Units |
| Totals at January 1, 2023 | - | - |
| Units granted | 19,868 | 5,440 |
| Totals at December 31, 2023 | 19,868 | 5,440 |
| Units forfeited | (3,610) | - |
| Units granted | 1,138 | - |
| Totals at December 31, 2024 | 17,396 | 5,440 |

Management estimated the grant-date fair values for the incentive units to be immaterial for financial reporting purposes.

## 14. FEDERAL INCOME TAXES

Federal income taxes are related to Adventis (Note 9); accordingly, the federal income tax expense and components of the provision are only included for the years ended December 31, 2024 and 2023. Income taxes were computed at the 21% statutory federal income tax rate and a reconciliation to the provision for income taxes for the years ended December 31, 2024 and 2023, is as follows:

| | 2024 | 2023 |
|---|---|---|
| Federal income tax, statutory rate | $ 64 | $ (873) |
| Other | 226 | 10 |
| Total | $ 290 | $ (863) |

The components of the provision for income taxes for the years ended December 31, 2024 and 2023, are as follows:

| | 2024 | 2023 |
|---|---|---|
| Current | $ 231 | $ (600) |
| Deferred | 59 | (263) |
| | $ 290 | $ (863) |

The tax effects of temporary differences that give rise to significant portions of deferred taxes at December 31, 2024 and 2023, consisted of the following:

| | 2024 | 2023 |
|---|---|---|
| Deferred tax assets and liabilities: | | |
| Insurance loss reserve discounting | $ 106 | $ 193 |
| Unearned insurance premiums | - | 6 |
| Adventis start-up costs | 7 | 8 |
| Unrealized loss on investments | 10 | 2 |
| Net operating loss carryforward | 369 | 350 |
| Deferred acquisition costs | - | (8) |
| | $ 492 | $ 551 |

The Company is required to periodically assess whether it is more likely than not that it will generate sufficient taxable income to realize its deferred tax assets. In making this determination, the Company considers all available positive and negative evidence and makes certain assumptions. The Company considers, among other things, its deferred tax liabilities, the overall business environment, and its outlook for future years. At December 31, 2024 and 2023, management determined a valuation allowance for its net deferred tax assets is not required as realization of the deferred tax assets is more likely than not.

## 15. RELATED-PARTY TRANSACTIONS

For the years ended December 31, 2024 and 2023, the Company had one franchisee partially owned by members of the Company that accounted for approximately $313 and $314 of revenues and approximately $64 and $34 of accounts receivable as of December 31, 2024 and 2023, respectively.

The Company has a management agreement with an entity for which an employee of the management company is also a board member of Adventis. The management company performed, under the direction of the Company, certain management and administrative services and accounting services. For the years ended December 31, 2024 and 2023, total management fees amounted to $102 and $92, respectively.

The Company incurred approximately $231 and $57 of out-of-pocket costs and other expenditures for the years ended December 31, 2024 and 2023, respectively, to a member of its parent company. All of these costs are included in selling, general, and administrative expenses in the consolidated statements of operations.

## 16. EMPLOYEE BENEFIT PLAN

The Company sponsors a defined 401(k) contribution plan (the "Plan") covering substantially all employees. Plan participants may make certain voluntary contributions in which they are 100% vested. The Company has agreed to make certain matching contributions to the Plan not to exceed the amount deductible for federal income tax purposes. The Company made matching contributions of $809 and $552 that are included in salaries and wages expenses in the consolidated statements of operations for the years ended December 31, 2024 and 2023, respectively.

## 17. SUBSEQUENT EVENTS

The Company evaluated all material events or transactions that occurred after December 31, 2024, the consolidated balance sheet date, through March 31, 2025, the date these consolidated financial statements were available to be issued. There were no other significant or material subsequent events which would impact the consolidated financial statements for the year ended December 31, 2024, other than those disclosed below:

Effective January 16, 2025, the Company completed the acquisition of 100% of the operating assets and liabilities of the Water Wings swim center business, thereby expanding its portfolio to eight brands.

* * * * * *

**Form E - Guarantee of Performance**

**GUARANTEE OF PERFORMANCE**

For value received, UA Holdings, LLC, a Delaware limited liability company (the "Guarantor"), located at 2350 Airport Freeway, Suite 505, Bedford, TX 76022, absolutely and unconditionally guarantees to assume the duties and obligations of Snapology, LLC, located at 2350 Airport Freeway, Suite 505, Bedford, TX 76022 (the "Franchisor"), under its franchise registration in each state where the franchise is registered, and under its Franchise Agreement identified in its 2026 Franchise Disclosure Document, as it may be amended, and as that Franchise Agreement may be entered into with franchisees and amended, modified or extended from time to time. This guarantee continues until all such obligations of the Franchisor under its franchise registrations and the Franchise Agreement are satisfied or until the liability of Franchisor to its franchisees under the Franchise Agreement has been completely discharged, whichever first occurs. The Guarantor is not discharged from liability if a claim by a franchisee against the Franchisor remains outstanding. Notice of acceptance is waived. The Guarantor does not waive receipt of notice of default on the part of the Franchisor. This guarantee is binding on the Guarantor and its successors and assigns.

The Guarantor signs this guarantee at Bedford, Texas on the 31st day of March, 2026.

**Guarantor:**

UA Holdings, LLC

By: Stephen Polozola

Stephen Polozola, Chief Legal Officer

**EXHIBIT E**
**TO THE SNAPOLOGY**
**FRANCHISE DISCLOSURE DOCUMENT**

# FRANCHISE AGREEMENT

**SNAPOLOGY®**
**FRANCHISE AGREEMENT**

**SUMMARY PAGE**

| | |
|---|---|
| **EFFECTIVE DATE:** | . |
| **FRANCHISEE(S):** | . |
| **ADDRESS FOR NOTICES:** | . |
| **TELEPHONE NUMBER:** | . |
| **E-MAIL ADDRESS:** | . |
| **FRANCHISOR:** | Snapology, LLC, a Pennsylvania limited liability company. |
| **ADDRESS FOR NOTICE:** | 2350 Airport Freeway, Suite 505, Bedford, Texas, 76022. |
| **PROTECTED AREA NAME:** | . |
| **INITIAL FRANCHISE FEE:** | $40,000 |
| **GRAND OPENING ADVERTISING (minimum):** | $10,000 |
| **MONTHLY ROYALTY FEE:** | 7% of monthly Gross Sales, subject to Minimum Royalty Fee in Section 6.B. |
| **NAF CONTRIBUTION:** | Up to 5% of monthly Gross Sales, subject to a minimum of $100 per month (together with the Local Marketing Expenditure, not to exceed 6%). |
| **LOCAL MARKETING EXPENDITURE:** | Up to 6% of monthly Gross Sales (together with the NAF Contribution, not to exceed 6%). |
| **TECHNOLOGY FEE:** | Up to $500 per month. |
| **RENEWAL FEE:** | 15% of the then-current initial franchise fee plus reimbursement of legal and professional fees and other costs incurred by Franchisor in connection with the renewal. |

**SNAPOLOGY®**
**FRANCHISE AGREEMENT**

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**ATTACHMENTS**

**SNAPOLOGY®**
**FRANCHISE AGREEMENT**

This FRANCHISE AGREEMENT ("Agreement") is made and entered into on the Effective Date reflected in the Summary Page by and between Snapology, LLC, a Pennsylvania limited liability company with its principal business address at 2350 Airport Freeway, Suite 505, Bedford, Texas 76022 ("we," "our" or "Franchisor"), and the Franchisee identified on the Summary Page ("you," "your" or "Franchisee").

**BACKGROUND:**

A. Franchisor, as the result of the expenditure of time, skill, effort, and money, has developed a distinctive business system that offers and provides curriculum based programs, events and workshops for children and adults featuring and/or incorporating LEGO® brand bricks, K'Nex® brand toys, their substitutes and/or other building toys, robotics and/or animation, coding techniques for children and adults utilizing the SNAPOLOGY® trademarks (the "Brand"), which are based on and include the Proprietary Products, Proprietary Marks, Indicia, and Standards ("System");

B. The distinguishing characteristics of the System include, without limitation, our program curricula, proprietary services and products (collectively "Proprietary Products"), and merchandise, which incorporate Franchisor's Proprietary Marks, distinctive trade secrets, and proprietary information; distinctive exterior and interior design, decor, color scheme, graphics, schemes, fixtures, and furnishings; standards and specifications for products, services, equipment, materials, and supplies; service standards; uniform standards, specifications, and procedures for operations (the "Standards"); purchasing and sourcing procedures for inventory and management control; training and assistance; and advertising and promotional programs; all of which may be changed, improved, and further developed by Franchisor from time to time;

C. The System is identified and recognized by means of certain indicia of origin, emblems, trade names, service marks, logos, and trademarks, logos, emblems, and indicia of origin, including, but not limited, to the word including applications and/or registrations therefor, as are now designated and may hereafter be designated by Franchisor in writing for use in connection with the System including the mark "Snapology" and the list of marks set forth in Attachment A to this Agreement, and such other trade names, service marks, trademarks, logos, emblems, and indicia of origin as Franchisor may hereafter designate in writing for use regarding the System ("Proprietary Marks");

D. Franchisor and its Affiliates continue to develop, establish, use, and control the use of the Proprietary Products, Proprietary Marks, Indicia, Standards, and System to identify for the public the source of services and products marketed under this Agreement and under the System, and to represent the System's high standards of quality, appearance, and service;

E. Franchisee desires to enter into the business of operating a Snapology franchised business under the System and using the Proprietary Marks, and wishes to enter into this Agreement with Franchisor for that purpose, and to receive the training and other assistance provided by Franchisor in connection therewith; and

F. Franchisee has applied for the right to operate a business using the System and the Proprietary Products, Proprietary Marks, Indicia, and Standards, and Franchisor has approved Franchisee's application in reliance on the representations contained therein, including those concerning Franchisee's financial resources, business experience and interests, and the way the Franchised Business (defined below) will be owned and operated.

## AGREEMENT:

IN CONSIDERATION OF the mutual promises contained in this Agreement, including the recitals set forth above, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereby agree as follows:

### 1. GRANT OF FRANCHISE

#### A. Grant.

Subject to the provisions of this Agreement, including without limitation Franchisor's reservation of rights described in Section 1.B., Franchisor hereby grants to Franchisee, and Franchisee accepts, upon the terms and conditions in this Agreement, the right, obligation, and license to operate a Snapology Business within the Protected Area designated, in accordance with the terms of this Agreement (the "Franchised Business"), and to use the Proprietary Marks in the operation and promotion of the Franchised Business in accordance with the terms and conditions of this Agreement, the Standards and the Manual. You shall offer and provide Services on a mobile basis at third-party sites ("Third Party Sites"), such as schools, community centers, shared community spaces, churches, libraries, and commercial locations, that are authorized by us and that are located within the franchisee's designated Protected Area.

#### B. Protected Area.

(1) Franchisor hereby grants to Franchisee and Franchisee hereby accepts a non-exclusive license to operate a Snapology Franchised Business in the Protected Area indicated in Attachment B in compliance with the System. The franchise granted herein is specifically limited to the Protected Area and does not confer rights of any kind to any other location, area, market or territory.

(2) If permitted by law, Franchisee may administratively manage the Franchised Business from a home office located within the personal residence of Franchisee or, if Franchisee is a Corporate Entity, the personal residence of an Owner of Franchisee (an "Office"). Under no circumstance may Franchisee offer and/or provide the Proprietary Products from Franchisee's home Office, and such services shall only be performed at Third Party Sites. If Franchisee is not legally permitted to administratively operate the Franchised Business from a home Office, then Franchisee shall administratively operate the Franchised Business from a commercial Office (including but not limited to a co-working space) acceptable to Franchisor, approved by Franchisor in writing and, that conforms to and satisfies the terms and conditions of this Agreement and the Operations Manual. Regardless of the location of the Office, Franchisee must only conduct business in the Protected Area. In very limited circumstances, and only upon Franchisor's prior written approval, Franchisee may, but is not required to, obtain a retail space to operate the Franchised Business pursuant to Section 3.A. below.

(3) During the Term, and provided that you are in full compliance with this Agreement and all other agreements between you and Franchisor or its Affiliates, Franchisor shall neither operate nor grant others the right to operate another Snapology Business in the Protected Area as described in Attachment B, except for those rights reserved to Franchisor in Section 2.C. The Protected Area may overlap with or be overlapped by the protected area of other Snapology Businesses or location that our Affiliates own or operate, so long as there are no other retail Snapology Businesses in the area of overlap. If there are overlapping protected areas, then during the Term, neither you nor the overlapping franchisee, or any Affiliate will be permitted to open a retail Snapology Business within the area of overlap. Notwithstanding the foregoing, this section will not apply to any other Snapology Business that is operating or in development within the Protected Area as of the Effective Date.

### C. Reservation of Rights.

Franchisor on behalf of itself, its Affiliates and its assigns retains all rights, on any and all terms and conditions that Franchisor deems advisable and, without any compensation or consideration to Franchisee, to (a) own, acquire, establish, operate, and grant to others the right to operate a Snapology Business or other business that offers and sells products and services that are the same as or similar to a Snapology Business using the System and/or the Proprietary Marks at locations outside Franchisee's Protected Area as Franchisor deems appropriate and irrespective of the proximity to Franchisee's Protected Area; (b) acquire, merge with, or otherwise affiliate with one or more businesses of any kind including businesses that offer and sell products and services that are the same as or similar to a Snapology Business, and, after such acquisition, merger or affiliation, to own and operate and to franchise or license others to own and operate and to continue to own and operate such businesses of any kind even if such business offer and sell products and services that are the same as or similar to a Snapology Business (but not using the Snapology Proprietary Marks) within Franchisee's Protected Area; (c) be acquired by, merge with, or otherwise affiliate with one or more businesses of any kind including businesses that offer and sell products and services that are the same as or similar to a Snapology Business even if such business or businesses presently, or in the future, own and operate and franchise or license others to own and operate businesses that offer and sell products and services that are the same as or similar to a Snapology Business (but not use the Snapology Proprietary Marks) within Franchisee's Protected Area; (d) use the Proprietary Marks and System to distribute services or products within or outside your Protected Area, without limitation, including to sell and to distribute, directly or indirectly, or to license others to sell and to distribute, directly or indirectly, any products or services through wholesalers, distributors, catalogs, or other alternative distribution channels, including products bearing Proprietary Marks anywhere within or outside of the Protected Area; (e) use the Proprietary Marks and System and to license others to use the Proprietary Marks and System to engage in all other activities not expressly prohibited by this Agreement; and (f) establish and operate, and license others to establish and operate, any business other than an Snapology Business, under the Proprietary Marks or under other marks, including education or children's entertainment businesses that we or our affiliates may operate, acquire, be acquired by, or be merged or consolidated with. Nothing in this Agreement prohibits or restricts Franchisor from owning, acquiring, establishing, operating, or granting franchise rights for one or more other businesses under a different trademark or service mark (i.e., a mark other than SNAPOLOGY), whether or not the business is the same as or competitive with SNAPOLOGY Businesses within or outside of the Protected Area. In addition, Franchisor and its Affiliates may advertise and promote the Brand and the System within and outside your Protected Area (if applicable).

### D. Restrictions.

Franchisee has no right to (i) sublicense the Proprietary Marks or the System to any other person or entity, (ii) use the Proprietary Marks or System outside the Protected Area, except for when providing Services at Third Party Sites outside its Protected Area as approved by Franchisor in writing, or (iii) except as expressly authorized by Franchisor, to use the Proprietary Marks or System in any type of sale of, or offer to sell, or distribution of products or Services, including, but not limited to: selling, distributing or otherwise providing, any products to third parties at wholesale, or for resale or distribution by any third party; and selling, distributing or otherwise providing any products through catalogs, mail order, toll free numbers for delivery, or electronic means (e.g., the Internet).

## 2. TERM

### A. Initial Term.

The initial term of this Agreement ("Initial Term") shall, unless earlier terminated pursuant to the terms of this Agreement, be for a period of five (5) years of the Effective Date for a Franchised Business (the "Expiration Date"). Notwithstanding the foregoing, nothing contained in this Section 2.A will limit Franchisor's termination rights set forth in Section 18 of this Agreement. You agree to operate the

Franchised Business in compliance with this Agreement for the entire Initial Term unless this Agreement is properly terminated under Article 18.

**B. Successor Term.**

At the expiration of the Initial Term, you will have an option to remain a franchisee for two additional, consecutive five (5) year terms (the "Successor Terms"). The Initial Term and Successor Terms (if any) are referred to in this Agreement as the "Term." If you desire to exercise this option, you must comply with all of the following conditions prior to and at the end of the then-current Term:

(1) You must give Franchisor written notice of whether you intend to exercise each Successor Term option no less than eight months, nor more than 12 months, before expiration of the Initial Term or first Successor Term, as applicable. Failure to timely provide the required written notice constitutes a waiver of your option to remain a franchisee beyond the expiration of the expiring Term;

(2) You (and any of your affiliates) shall not have any past due monetary obligations or other outstanding obligations to Franchisor and its affiliates, the approved suppliers of the System;

(3) You may not be in default under this Agreement or any other agreement between you and Franchisor or its Affiliates; you should not have any past-due monetary obligations to us or our affiliates; you may not be in default beyond the applicable cure period with any vendor or supplier to the Franchised Business; and, for the 12 months before the date of your notice and the 12 months before the expiration of the then-current term, you may not have been in default beyond the applicable cure period under this Agreement or any other agreements between you and Franchisor or its Affiliates;

(4) You, your Designated Manager, and your employees must be in compliance with Franchisor's then-current training requirements, and if Franchisor requires, attend the then-current initial training or additional training before renewal is approved;

(5) At the time of renewal, you satisfy Franchisor's standards of financial responsibility and, if requested by Franchisor, you demonstrate to Franchisor that you have sufficient financial resources and means to continue to operate the Franchised Business during the Successor Term;

(6) You and each Owner shall have executed Franchisor's then-current form of general release, subject to governing law, in a form satisfactory to Franchisor, of any and all claims against Franchisor and its Affiliates and their respective past and present officers, directors, shareholders, agents, and employees, in their corporate and individual capacity, including, without limitation, claims arising under federal, state, or local laws, rules, or ordinances, and claims arising out of, or relating to, this Agreement, any other agreements between you and Franchisor or its Affiliates, your operation of the Franchised Business, and the offer and grant of the franchise opportunity; and

(7) You may not have an established pattern of failing to operate the Franchised Business in accordance with this Agreement and with the System (as set forth in the Manual or otherwise and as revised from time-to-time by Franchisor), as evidenced by three or more failed quality assurance evaluations conducted by Franchisor or its designee pursuant to Section 18.B.(7), regardless of whether any corrective action with respect to such failed evaluation was completed, and you have operated any other Snapology businesses in which you have an interest in accordance with the applicable franchise agreements.

Within four months after Franchisor's receipt of written notice of your desire for a Successor Term, and subject to you providing such information and documentation requested by Franchisor, including the information described in this Section 2.2. and current financial statements, Franchisor will provide written notice to you regarding whether or not you satisfy the criteria to remain a franchisee for such Successor Term. Such notice will contain preliminary information regarding the required renovations and modernizations described in Section 2.B.(4), above. If you fail to satisfy the criteria for renewal as set forth above, then Franchisor will have the right to unilaterally extend the Initial Term as necessary to comply with governing law.

This Agreement does not grant any automatic rights to a Successor Term and Franchisor is not obligated to offer you a Successor Term if the requirements of this Section 2.B. are not strictly and timely met. If you are granted the right to a Successor Term, Franchisor will deliver to you the then-current form of the franchise disclosure document and, for execution, its then-current form of franchise agreement, which may contain terms and conditions differing materially from any and all of those in this Agreement, including, without limitation, higher royalty fees and marketing obligations. Your Protected Area under the franchise agreement for the Successor Term will be the same as under this Agreement. Franchisor will waive any initial franchise fee imposed under such then-current franchise agreement, but you must pay Franchisor the Renewal Fee set forth in Attachment A.

You must execute the franchise agreement for the Successor Term and return the signed franchise agreement and payment of the Renewal Fee to Franchisor prior to expiration of the then-current Term. Your failure to sign the then-current franchise agreement, pay the Renewal Fee, and return them to Franchisor prior to expiration of the then-current Term shall be deemed a waiver of your right to renew for a Successor Term, and this Agreement and the Franchise granted by this Agreement will expire on the Expiration Date. If you have complied timely with all conditions set forth in this Article 2, Franchisor shall execute the franchise agreement for the Successor Term and promptly return a fully executed copy to you.

Notwithstanding the foregoing in this Section 2.B., if Franchisor publicly announces a decision to discontinue offering new franchises and the renewal of existing franchises, then upon expiration of the then-current Term, you shall not have the right to renew this Agreement, in which case and only in such case, the post-termination covenants of Section 14.B. herein shall not apply.

## 3. DEVELOPMENT PROCEDURES

### A. Office Location.

You may not establish a or operate as a retail location. You may only administratively manage the Franchised Business from an approved home Office located within the personal residence of Franchisee or, if Franchisee is other than an individual, the personal residence of an Owner of Franchisee. Under no circumstance may Franchisee offer and/or provide the Services from Franchisee's home Office, and such services shall only be performed at Third Party Sites. If Franchisee is not legally permitted to administratively operate from a home Office, then Franchisee shall administratively operate the Franchised Business from a commercial Office (including but not limited to a co-working space) acceptable to Franchisor, approved by Franchisor in writing and, that conforms to and satisfies the terms and conditions of this Agreement and the Manual. The Office shall be identified in Attachment B, which shall be incorporated herein.

If Franchisor approves in writing, Franchisee shall locate and secure access to and use of a temporary retail or community space ("Approved Location") for the Franchised Business within the Protected Area described in Attachment B (the "Protected Area"). Franchisee shall be limited to locating and securing a site for the Franchised Business within this Protected Area. Franchisee is not required to identify an Approved location and may continue to operate the Franchised Business from its home Office.

### B. Approved Location.

If approved by Franchisor, the Approved Location shall be described in Attachment B subsequent to the execution of this Agreement, upon Franchisor's approval of the location and execution of the related lease or other agreement for access to and use of the space. The Approved Location must be located in the

Protected Area. Franchisee shall not relocate the Franchised Business from the Approved Location without Franchisor's prior written consent and/or otherwise in writing by Franchisor, as provided in Section 3.E. below.

**FRANCHISEE ACKNOWLEDGES AND AGREES THAT FRANCHISOR'S RENDERING OF ANY SITE SELECTION ASSISTANCE OR ITS APPROVAL OF YOUR PROPOSED SITE DOES NOT AND WILL NOT CONSTITUTE, DIRECTLY OR IMPLICITLY, A REPRESENTATION, WARRANTY, GUARANTY OR ASSURANCE THAT THE FRANCHISED BUSINESS WILL ACHIEVE A CERTAIN SALES VOLUME OR LEVEL OF PROFITABILITY OR OTHERWISE WILL BE SUCCESSFUL; IT MEANS ONLY THAT THE PROPOSED SITE MEETS FRANCHISOR'S MINIMUM SITE CRITERIA. FRANCHISOR ASSUMES NO LIABILITY OR RESPONSIBILITY FOR: (1) EVALUATION OF THE SITE FOR STRUCTURAL SOUNDNESS, SEISMIC ACTIVITY, THE SITE'S SOIL FOR HAZARDOUS SUBSTANCES, OR THE SITE'S COMPLIANCE WITH APPLICABLE BUILDING CODES; (2) INSPECTION OF ANY STRUCTURE ON THE FRANCHISED BUSINESS LOCATION FOR ASBESTOS OR OTHER TOXIC OR HAZARDOUS MATERIALS; (3) COMPLIANCE WITH THE AMERICANS WITH DISABILITIES ACT ("ADA"); OR (4) COMPLIANCE WITH ANY OTHER APPLICABLE LAW. IT IS YOUR SOLE RESPONSIBILITY TO OBTAIN SATISFACTORY EVIDENCE AND ASSURANCES THAT THE SITE (AND ANY STRUCTURES THEREON) IS STRUCTURALLY SOUND, FREE FROM ENVIRONMENTAL CONTAMINATION AND IS IN COMPLIANCE WITH THE REQUIREMENTS OF THE ADA AND OTHER APPLICABLE LAWS.**

**C. Territory Rules: Third Party Sites outside of Protected Area.**

The license and rights granted to Franchisee in this Agreement are non-exclusive and limited to, among other things, the Protected Area, the grant of franchise rights set forth in Article 1 of this Agreement, and the reservation of rights set forth in Section 1.C. of this Agreement. On a limited basis, and upon Franchisor's express approval as captured as an amendment to this Agreement, Franchisee may provide offer and provide Services on a mobile basis at Third Party Sites outside of the Protected Area (*i.e.*, in the immediate area outside of the Protected Area) so long as those Third Party Sites are not in another Snapology franchisee's protected area. Before engaging in providing such services, Franchisee shall execute Franchisor's then-current amendment a form which is attached here as Attachment I ("TOP Amendment") and pay the Reservation Fee, as defined in the TOP Amendment. If Franchisee engages in providing at Third Party Sites which are affiliated with an Affiliated Brand, Franchisor may reduce or waive the Reservation Fee.

However, Franchisee must conduct the business operations of Franchisee's Snapology Business from within Franchisee's Protected Area and, if applicable, the Approved Location (*i.e.*, Franchisee cannot locate the Approved Location or establish a primary or secondary office outside of the Protected Area). The marketing of Franchisee's Snapology Business must be targeted to only the Franchisee's Protected Area and, at all times, must conform and comply with, among other things, the restrictions set forth in Article 15 of this Agreement. Franchisee is prohibited from Direct Solicitation of customers and Third Party Sites outside of the Protected Area. You must never conduct any Direct Solicitation s or engage in any other advertising activities in another Snapology franchisee's protected area, directly or indirectly, which includes using any paid or unpaid customer referral sources. The term "Direct Solicitation" refers to and means communications and/or contacts occurring through in person contact, telephone, mail, e-mail, direct mail, distributed print media, digital media and marketing directed toward customers, potential customers or referral sources of a Snapology Business or Third Party Sites. If i) the area in which the Third Party Sites are located outside of the Protected Area become another franchisee's protected area or ii) if Franchisor requests, in its sole discretion, without limitation, that Franchisee must immediately cease operations outside of the Protected Area, Franchisee must immediately surrender such Third Party Sites and cease providing Services to such Third Party Sites outside of the Protected Area. Further, regarding any other guidelines that may be established pertaining to offering Services outside of the Protected Area, Franchisee must satisfy and meet all other terms, conditions and policies that Franchisor may establish and/or modify from time to time as published in the Operations Manual. Nothing contained in this Section 3.F. shall expand either the non-exclusive franchise rights granted to franchisee in Article 1 of this Agreement or, Franchisee's Protected Area and, in the event of any inconsistency or conflict between the terms of this Section 3.F. and Article 1, Article 1 shall take precedence and govern.

**4. RESERVED**.

**5. OPENING**

**A. Opening Date.**

Franchisee must open the Franchised Business by the "Opening Date," which shall be 120 days from the Effective Date or the first month following successful completion of Franchisor's initial training program, whichever occurs first. Franchisee may operate the Franchised Business out of an approved Office, provided that all services delivered to customers and third parties shall be conducted at Third-Party sites or other location outside of the Office that meets Franchisor's approval. Time is of the essence in performance under this Section 5.A. If the Franchised Business is not open and operating by the Opening Date, Franchisor may, at its option, terminate this Agreement without providing any refund to Franchisee or opportunity to cure. However, neither party shall be responsible for non-performance or delay in performance occasioned by a Force Majeure event. Force Majeure shall not include Franchisee's lack of adequate financing, and no event of Force Majeure shall relieve Franchisee of the obligation to pay any money under this Agreement, including the Minimum Royalty Fee.

**B. Opening Authorization.**

For all Snapology Businesses, Franchisee shall provide Franchisor with (a) written notice of its specific intended opening date; and (b) request for Franchisor's approval to open on such date. Such written notice and request shall be made no later than thirty (30) days prior to such intended opening date. Franchisor will authorize the opening of the Franchised Business only after all of the following conditions have been fully satisfied:

(1) You are not in material default under this Agreement or any other agreements with Franchisor and you are not in default beyond the applicable cure period with any vendor or supplier of the Franchised Business;

(2) You are current on all monetary obligations due to Franchisor, including payment of the Initial Franchise Fee, Minimum Royalty Fee (if applicable), Technology Fee, and any other fees then due;

(3) At least 30 days prior to your Opening Date and within 60 days of the Effective Date, your Designated Manager has attended and successfully completed Franchisor's initial training program and you have hired and trained your personnel in accordance with the requirements of this Agreement, including without limitation ensuring that your personnel have obtained all required safety training and certifications;

(4) Franchisor has been furnished copies of all insurance policies required by Article 16 of this Agreement, and all such insurance is in full force and effect;

(5) You have satisfied all bonding, licensing, and other legal requirements for the lawful operation of your Snapology Business, including, without limitation, by ensuring that your planned membership offerings follow the Franchised Business' opening and your forms of membership agreement comply with governing law;

(6) You have executed and delivered to Franchisor the Telephone Number Assignment Agreement attached hereto as Attachment F;

(7) You have executed and delivered to Franchisor the ACH Agreement attached hereto as Attachment G for the Franchisee entity operating under this Franchise Agreement;

(8) You have obtained initial inventory and equipment package and other supplies to open, and paid any amounts due to Designated Suppliers, or Franchisor or Affiliate;

(9) You have obtained training and access to the BMS;

(10) You have conducted or are conducting the grand opening advertising, as described in Section 15.B according to our Standards; and

(11) You have complied with all other of Franchisor's pre-opening requirements, conditions, and procedures (including, without limitation, those regarding pre-opening scheduling, training, and communications) as set forth in this Agreement, the Manuals, and/or elsewhere in writing by Franchisor.

Franchisee shall ensure its operations meet the requirements of the space in which the Franchised Business is operating, whether imposed by a lease, other agreement, or rules imposed by the landlord or other party controlling the space.

At all times, the Franchised Business shall:

(1) be operated within Franchisee's Protected Area and only Franchisee's Protected Area;

(2) be administratively managed from an Office;

(3) exclusively offer, sell and provide only the Services as designated by Franchisor, and as modified by Franchisor from time to time;

(4) exclusively utilize the Curriculum;

(5) exclusively utilize the BMS and other systems required by the Franchisor;

(6) exclusively offer, sell, and provide the Services at and from Third Party Sites located within the Protected Area;

(7) exclusively utilize and, as applicable, offer, sell and provide, the Supplies as designated by Franchisor, in its sole discretion, and as modified by Franchisor from time to time;

(8) exclusively purchase the Equipment and Supplies from Franchisor and/or suppliers designated by Franchisor from time-to time;

(9) exclusively utilize and, as applicable, offer, sell and provide, the Curriculum as designated by Franchisor in its sole discretion, and as modified by Franchisor from time to time;

(10) exclusively purchase the Curriculum from Franchisor and/or, if applicable, suppliers designated by Franchisor from time to time;

(11) ensure that the Services are only offered and provided by Franchisee through employees and/or Owners that have, to Franchisor's satisfaction, completed the training requirements and training programs required by Franchisor, in its sole discretion and, as may be modified and supplemented by Franchisor from time to time;

(12) exclusively utilize, maintain and stock in inventory the Supplies and Curriculum in such quantities and as designated by Franchisor, in its sole discretion, and as modified by Franchisor from time to time;

(13) be exclusively managed, supervised, and operated by Franchisee (if an individual) or, if Franchisee is a Corporate Entity, Franchisee's Designated Manager; and

(14) be operated in conformity with Franchisor's standards, specifications, criteria and requirements as set forth by Franchisor in the Operations Manual and as the Operations Manual may be modified and supplemented from time to time in the future by Franchisor, in its sole discretion.

**C. Pre-Opening Assistance.**

Before opening your Franchised Business, Franchisor may provide consultation and advice to you regarding, as applicable: (1) development and operation of the Franchised Business; (2) qualifications and training requirements for various personnel roles required for the operation of the Franchised Business in accordance with the Standards; (3) Services, Supplies, Curriculum, and other operational requirements for the Franchised Business, and (4) purchasing and inventory control; and such other matters as Franchisor deems appropriate. For such requested assistance, if applicable, Franchisor may charge, and you agree to pay, a then-current training fee per day per each individual provided for such on-site assistance, including reimbursement of Franchisor's out of pocket costs it incurs in connection with providing such on-site opening assistance, including travel, accommodations, and meals for the trainer(s) providing such assistance.

**D. Ongoing Assistance.**

Franchisor periodically, as it deems appropriate, will advise and consult with you regarding the operation of your Franchised Business, and provide to you its knowledge and expertise regarding the System and pertinent new developments, techniques, Curriculum, Services, Supplies, and improvements in business management, sales promotion, service concepts, and other areas. Franchisor may provide these services through visits by Franchisor's representatives to the Franchised Business, the distribution of printed or filmed material, or electronic information, meetings, or seminars, telephone communications, email communications, or other communications.

**6. FEES.**

**A. Initial Franchise Fee.**

Upon execution of this Agreement, you shall pay Franchisor an Initial Franchise Fee in the amount specified on the Summary Page. Franchisee acknowledges and agrees the Initial Franchise Fee is fully earned by Franchisor when paid and is not refundable under any circumstances. In the event any Initial Franchise Fee discounts were applied because one of the Owners is a veteran, and if the veteran who was the basis of such veteran's incentive is no longer an Owner for any reason, other than death or disability, then, at the fifth anniversary of the Effective Date or upon any transfer, Franchisee shall reimburse Franchisor the entire amount of the discount applied to the Initial Franchise Fee. The Initial Franchise Fee shall be paid in full upon the execution of this Agreement, subject to any applicable development fees that Franchisee previously paid to Franchisor pursuant to a separate development agreement and which may be applied against the Initial Franchise Fee under the terms of such development agreement.

**B. Royalty Fee and Minimum Royalty Fee.**

Commencing on Month 1 (as defined in this Section 6.B. below), throughout the Term of this Agreement, any applicable renewal term, and, notwithstanding any termination of this Agreement, Franchisee shall pay to Franchisor a continuing monthly non-refundable royalty fee (the "Royalty Fee"). The continuing monthly Royalty Fee shall be an amount equal to the greater of: (a) seven (7%) percent of Franchisee's monthly Gross Sales, or (b) the amount of the applicable minimum monthly royalty fee requirement (the "Minimum Royalty Fee"), as determined by Franchisor, and as set forth in the following schedule:

<table>
<tr><th colspan="2">Minimum Royalty Fee</th></tr>
<tr><td>Months 1-12</td><td>$600 per month</td></tr>
<tr><td>Months 13-24</td><td>$700 per month</td></tr>
<tr><td>Months 25-36</td><td>$800 per month</td></tr>
<tr><td>Months 37-48</td><td>$900 per month</td></tr>
<tr><td>Months 49-60</td><td>$1,000 per month</td></tr>
<tr><td>Months 61-120</td><td>$1,100 per month</td></tr>
<tr><td colspan="2">Commencement: In determining the applicable commencement date for the Minimum Royalty Fee, “Month 1” automatically commences at the earlier of 1) the first day of the month following completion of Franchisor’s initial training program, or 2) 120 days from the Effective Date of the Franchise Agreement.<br><br>Renewal Term: During any applicable renewal term, the Minimum Royalty Fee shall not be less than the Minimum Royalty Fee applicable in month 61 as set forth in this schedule and shall be subject to increase as determined by Franchisor provided that within each calendar year of any renewal term Franchisor shall not increase the Minimum Royalty Fee by more than $100 per month.</td></tr>
</table>

The Minimum Royalty Fee is not subject to and is not contingent on Franchisees Gross Sales or financial performance. Royalty Fee payments will be paid monthly by ACH and/or electronic funds transfer and are due on a day that Franchisor designates each month for the preceding month and each month thereafter throughout the entire Term of this Agreement (including any applicable renewal terms, and, notwithstanding any termination of this Agreement) or for such other period that Franchisor may designate, as described below in Section 6.G. Upon Franchisor’s request, regardless of whether Franchisee is subject to the Minimum Royalty Fee, Franchisee must submit to Franchisor financial reports including Gross Sales in the manner specified by Franchisor.

**C. Administrative Fees.**

In addition to the Royalty Fee and any other fees charged in this Agreement, you are required to pay to Franchisor certain administrative fees each month related to support services provided to the Franchised Business, as follows:

(1) Call Center: If Franchisor establishes or designates a centralized call center for Snapology businesses operating in the United States (“Call Center”), and if Franchisor requires you to participate, you must pay Franchisor or the designated provider the then-current fee for Call Center services (the “Call Center Fee”). Both the services and the associated fee may be revised from time to time. The Call Center program may include commissions for scheduling classes, soliciting prospective customers, and soliciting and booking birthday parties, corporate events, and special events for the Franchised Business. Policies and procedures related to bookings through the Call Center, including your obligations with respect to such bookings and related commissions, will be set forth in the Manual, as it may be amended by Franchisor from time to time. Fees that are collected by Designated Suppliers of services related to the Call Center (as described above) are established by such Designated Suppliers and will vary depending on the number of licenses provided to your Franchised Business and the overall number of licenses provided to Snapology businesses operating in the United States.

(2) Membership Program. Franchisor has the right to establish a multi-tier membership program for Snapology Businesses (the “Membership Program”), as further described

in Section 11.P. If established, you are obligated to participate in the Membership Program in accordance with the terms set forth in this Agreement and the Manual. All Membership Program fees you collect from members will be included in your Gross Sales and subject to the monthly Royalty Fee and other fees based on Gross Sales described in this Agreement. You are obligated to participate in such Membership Program (as defined in Section 11.P) in accordance with the terms set forth in this Agreement and the Manual. In connection with Franchisor's administration of such Membership Program, if required, you will pay to Franchisor your pro rata share of costs incurred in connection with operating the Membership Program (including reconciliation, collections management, and hosting the Membership Program software and mobile applications (if any).

(3) Technology Fee. You must pay Franchisor, Franchisor's affiliates, or Franchisor's designee, a Technology Fee, as specified in the Summary Page and Section 11.E below, on a monthly and on-going basis throughout the Term of this Agreement to access and utilize the BMS and other technologies designated by Franchisor. Franchisor, in its sole discretion, may increase the Technology Fee to up to $500 per month upon notice to Franchisee.

(4) Payments to Affiliates. If any of our Affiliates provides products and services to you, whether under a separate agreement or otherwise, you must promptly pay any and all outstanding invoices and other payments to such Affiliate. We reserve the right to collect payments owed to our Affiliates under any separate agreement between you and such Affiliate. Late or non-payment of our Affiliate invoices is a breach of this Agreement, and any such overdue and unpaid invoices to our Affiliates become payable and an outstanding obligation under this Agreement, which is subject to default and termination under Article 18.

(5) Supplemental Curriculum – Franchisee shall exclusively utilize the Curriculum in the operation of the Franchised Business and the Services offered by the Franchised Business. Subject to the terms of this Agreement and Franchisee's compliance with the terms of this Agreement, Franchisor shall provide Franchisee with access to the Curriculum for use in offering and providing the Services, including any updates to the Curriculum. The Curriculum shall be provided to Franchisee at no additional cost to Franchisee. If Franchisee elects to expand or enhance the service offerings, lesson plans, course work, curriculum or programs that Franchisee offers as a part of the Services, Franchisee shall do so exclusively through the Supplemental Curriculum that Franchisor may make available from time to time. Franchisee shall pay to Franchisor a fee for access to the Supplemental Curriculum at such rates and amounts as determined by in its sole discretion and published by Franchisor in the Manual or other written correspondence.

**D. National Advertising Fund.**

Upon 30 days' notice to Franchisee, Franchisor may implement, and thereafter will administer and control the National Advertising Fund ("NAF") for Snapology Businesses in the United States. You will pay to Franchisor a continuing, non-refundable monthly contribution to the NAF, which is $100 per month or 5% of monthly Gross Sales ("NAF Contribution"), whichever is greater. Franchisor reserves the right to suspend collection of the NAF Contribution or increase the NAF Contribution at any time, provided that (i) the NAF Contribution will not exceed 5% of Gross Sales, and (ii) the sum of the NAF Contribution, Advertising Cooperative contribution, and required Local Marketing Expenditure will not exceed 6% of Gross Sales during any 12-month period.

**E. Conferences.**

Franchisor may, at its sole option, conduct conferences to discuss System developments including operational efficiency, personnel training, bookkeeping, accounting, inventory control, performance standards, advertising programs, merchandising procedures, and such other matters as Franchisor may identify. Attendance at such conferences by your Designated Manager or general manager may be made mandatory by Franchisor. If you are currently in default of this Agreement then Franchisor may, at its option, prohibit you and your Designated Manager's attendance at such conferences. You are responsible for all costs and expenses associated with attendance including, without limitation, compensation, travel, accommodations, wages, and meals for conference attendees. Franchisor reserves the right to charge a conference fee up to $1,500 per attendee ("Conference Fee"), which is subject to adjustment upward in an amount equal to the annual increase in the Consumer Price Index for all urban consumers when measured on January 1 of each year, which is due upon Franchisor's invoice to you. If your attendance is required and you fail to attend or send a representative in your place to attend the conference, then Franchisor reserves the right to charge you a conference materials fee of $1,500 to provide you the training materials from the conference in a format of Franchisor's choosing.

**F. Payment for Products and Services.**

You agree to pay Franchisor and/or its affiliates for all purchases of merchandise, equipment, supplies, and services from Franchisor and its affiliates, in accordance with the seller's then-current prices, terms and conditions of sale, and credit policies for Snapology Businesses. Franchisor and its affiliates reserve the right to refuse orders from or deny delivery of products and services to any Snapology Business with a past due balance. Franchisor and its affiliates have the right to change their prices, terms and conditions of sale, and credit policies on reasonable notice. Franchisor reserves the right to pass through payment processor and merchant fees for payment processors it designates. If Franchisor elects, you will be charged each month a payment card processing fee, which represents your pro rata share of the system-wide fee assessed by Franchisor's designated payment card processor based on the volume of credit card payments you receive.

**G. Payment Method.**

You must participate in Franchisor's then-current electronic funds transfer program authorizing Franchisor to utilize a pre-authorized bank draft system and sign the ACH Authorization form attached hereto as Attachment G. Except as otherwise specified, all Royalty Fees and other amounts owed under this Agreement, including interest charges, are payable monthly and must be received by Franchisor or credited to Franchisor's account by pre-authorized bank debit before 5:00 p.m. on the date such payment is due, as specified in the Manual (the "Due Date"). On each Due Date, Franchisor will transfer from your commercial bank operating account ("Account") the fees due pursuant to this Section 6 based on the Gross Sales reported to Franchisor by you or as determined by Franchisor by the records contained in the cash registers/computer terminals of the Franchised Business. Declining or revoking participation (directly or indirectly) your participation in Franchisor's then-current electronic funds transfer program is a material breach of this Agreement for which Franchisor may terminate your agreement. Franchisor reserves the right to charge an NSF check fee (for failed electronic funds transfer) of 5% of the declined amount of unpaid amounts owed or $50, whichever is greater, or the maximum fee allowed by law.

For the sake of clarity, you must include in Gross Sales all revenue you receive in connection with the operation of the Franchised Business, including without limitation disbursements you receive from any third party sales platform (e.g., Groupon), in each case whether authorized or unauthorized (provided, Franchisor's acceptance of fees paid by Franchisee in connection with unauthorized programs or third party service providers will not constitute a waiver of any right or remedy of Franchisor under this Agreement or applicable law). If you have not reported to Franchisor Gross Sales for any reporting period, Franchisor will transfer from the Account an amount calculated in accordance with its estimate of the Franchised Business' Gross Sales during the reporting period, which estimate may be based on, among other things, historical financial performance of the Franchised Business or current and historical performance of other franchisees. If, at any time, Franchisor determines that you have underreported Gross Sales or underpaid the Royalty Fee or other amounts due to Franchisor under this Agreement, or any other agreement, Franchisor shall initiate an immediate transfer from the Account in the appropriate amount in accordance with the foregoing procedure, including interest as provided in this Agreement. Any overpayment will be credited against future Royalty Fees and other payments due under this Agreement.

In connection with the payment by electronic funds transfer, you shall: (1) comply with procedures specified by Franchisor in the Manual or otherwise in writing; (2) perform those acts and sign and deliver those documents as may be necessary to accomplish payment by electronic funds transfer as described in this Section 6.G.; (3) give Franchisor an authorization in the form of Attachment G or as otherwise designated by Franchisor to initiate debit entries and credit correction entries to the Account for payments of the Royalty Fee and other amounts payable under this Agreement, including any interest charges; and (4) make sufficient funds available in the Account for withdrawal by electronic funds transfer no later than the Due Date for payment thereof.

In addition to those fees payable to Franchisor set forth in this Article 6 and elsewhere in this Agreement, Franchisor may, upon notice to Franchisee and at its option, collect payments due to certain Designated Suppliers of goods and services the Franchisee is required to purchase pursuant to the Standards in connection with the development and operation of the Franchised Business via the electronic funds transfer program and may remit such collected amounts to the Designated Suppliers directly. Such payment on behalf of Franchisee does not constitute a guarantee by Franchisor of any obligation of Franchisee to such Designated Suppliers, and Franchisee will remain fully liable for all such obligations.

Notwithstanding the provisions of this Section 6.G., Franchisor reserves the right to modify, at its option, the method by which you pay the Royalty Fee and other amounts owed under this Agreement, including interest charges, upon receipt of written notice by Franchisor. Your failure to have sufficient funds in the Account shall constitute a default of this Agreement pursuant to Article 18. You shall not be entitled to set off, deduct, or otherwise withhold any Royalty Fees, interest charges, or other monies payable to Franchisor under this Agreement on grounds of any alleged nonperformance by Franchisor of any of its obligations or for any other reason.

**H. Interest.**

Any payments not received by the Due Date will accrue interest at the rate of 18% per annum or the highest lawful interest rate permitted by the jurisdiction in which the Franchised Business operates, whichever is less.

**I. Taxes.**

Any and all amounts expressed as being payable pursuant to this Agreement are exclusive of any applicable taxes. You are obligated to pay all federal, state, and local taxes, including without limitation sales, use and other taxes, fees, duties and similar charges assessed against you**. You are responsible for and must indemnify and hold Franchisor and the Franchisor Indemnitees (as defined in Section 20.B.) harmless against any penalties, interest and expenses incurred by or assessed against Franchisor as a result of your failure to withhold such taxes or to timely remit them to the appropriate taxing authority.** You agree to fully and promptly cooperate with Franchisor to provide any information or records it requests in connection with any application by Franchisor to any taxing authority with respect to you.

**J. Partial Payments.**

No payment by you or acceptance by Franchisor of any monies under this Agreement for a lesser amount than due shall be treated as anything other than a partial payment on account. Your payments of a lesser amount than due with an endorsement, statement, or accompanying letter to the effect that payment of the lesser amount constitutes full payment shall be given no effect and Franchisor may accept the partial payments without prejudice to any rights or remedies it may have against you. Acceptance of payments by Franchisor other than as set forth in this Agreement or a waiver by Franchisor of any other remedies or rights available to it pursuant to this Agreement shall not constitute a waiver of Franchisor's right to demand payment in accordance with the requirements of this Agreement or a waiver by Franchisor of any other remedies or rights available to it pursuant to this Agreement or under applicable law. Notwithstanding any designation by you, Franchisor shall have the sole discretion to apply any payments by you to any of your past due indebtedness for Royalty Fees, purchases from Franchisor or its Affiliates, interest, or any other indebtedness. Franchisor has the right to accept payment from any other entity as payment by you. Acceptance of that payment by Franchisor will not result in that other entity being substituted as franchisee under this Agreement.

**K. Collection Costs and Expenses.**

You agree to pay Franchisor on demand all costs and expenses incurred by Franchisor in enforcing the terms of this Agreement including, without limitation, collecting any monies that you owe to Franchisor. These costs and expenses include, without limitation, costs and commissions due a collection agency, attorneys' fees, costs incurred in creating or replicating reports demonstrating Gross Sales of the Franchised Business, court costs, expert witness fees, discovery costs, and attorneys' fees and costs on appeal, together with interest charges on all of the foregoing.

**L. Pre-Opening Gross Sales.**

If Franchisor approves your Franchised Business to engage in pre-opening sales of memberships, including advance Membership Program sales, then such pre-opening sales will be conducted in accordance with the Standards set forth in the Manual. In such case, Franchisee will pay Franchisor a Royalty Fee, Membership Program Fee, NAF Contribution, and such other fees payable to Franchisor under this Article 6 in accordance with the terms and conditions described above on all Gross Sales of the Franchised Business in connection with such pre-opening sales.

**M. Designated Accountants and Fees.**

If required by Franchisor, Franchisee shall use a certified public accountant service designated or approved by Franchisor for bookkeeping and financial records management of the Franchised Business. Franchisee shall pay such service provider or Franchisor, as directed by Franchisor, a fee for these services for each month in such amount as the service provider or Franchisor may periodically designate.

**N. No Subordination.**

Franchisee shall not subordinate to any other obligation its obligation to pay Franchisor the Royalty Fees and/or any other fee or charge payable to Franchisor, whether under this Agreement or otherwise.

## 7. RECORDKEEPING AND REPORTS

**A. Recordkeeping.**

You agree to use computerized cash and data capture and retrieval systems that meet Franchisor's specifications and to record Franchised Business sales electronically or on tape for all sales at or from the Franchised Business premises. You shall keep and maintain, in accordance with any procedures set forth in the Manual, complete and accurate books and records pertaining to the Franchised Business in the format and using the accounting software that Franchisor requires. Your books and records shall be kept and maintained using generally accepted accounting principles in the United States ("GAAP"). You shall preserve all of your books, records, and state and federal tax returns for at least five years after the later of preparation or filing (or such longer period as may be required by any governmental entity) and make them available and provide duplicate copies to Franchisor within five days after Franchisor's written request. Upon Franchisor's request, you shall provide all organizational documents of the Franchisee, and such other records as Franchisor may reasonably require.

**B. Periodic Reports and Retention of Records.**

You shall, at your expense, submit to Franchisor in the form prescribed by Franchisor a monthly profit and loss statement and balance sheet (both of which may be unaudited). Each statement and balance sheet shall be signed by you, your treasurer, or chief financial officer attesting that it is true, correct, and complete and uses accounting principles applied on a consistent basis which accurately and completely reflects the financial condition of the Franchised Business during the period covered. Where Franchisor authorizes Franchisee to use the services of a third-party sales platform (e.g. Groupon), Franchisee must execute an authorization in the form prescribed by Franchisor that permits Franchisor to access the sales made by such third party sales platform and the disbursements paid to Franchisee at least monthly.

With respect to the operation and financial condition of the Franchised Business, Franchisor may require that Franchisee adopt, until otherwise specified by Franchisor, a fiscal year that coincides with Franchisor's then-current fiscal year, as specified by Franchisor in the Manuals or otherwise in writing. Franchisee shall maintain during the entire term of this Agreement, and, for not less than seven (7) years following the termination, expiration, or non-renewal of this Agreement, full, complete, and accurate books, records, and accounts in accordance with generally accepted accounting principles and in the form and manner prescribed by Franchisor from time to time in the Manuals or otherwise in writing, including but not limited to: (i) daily transaction reports; (ii) cash receipts journal and general ledger; (iii) cash disbursements and weekly payroll journal and schedule; (iv) monthly bank statements, deposit slips and cancelled checks; (v) all tax returns; (vi) suppliers' invoices (paid and unpaid); (vii) dated daily and weekly transaction journal; (viii) semi-annual fiscal period balance sheets and fiscal period profit and loss statements; and (ix) such other records as Franchisor may from time to time request.

**C. Other Reports.**

You shall submit to Franchisor, for review or auditing, such other forms, reports, records, information, and data as Franchisor may reasonably designate, in the form and at times and places reasonably required by Franchisor, upon request and as specified from time-to-time in the Manual or otherwise in writing. At Franchisor's request, you shall furnish to Franchisor a copy of all federal and state income tax returns reflecting revenue derived from the operation of the Franchised Business, and copies of all sales tax returns, filed with the appropriate taxing authorities.

**D. Inspection and Audit Rights.**

Franchisor or its designee shall have the right at all reasonable times, both during and for a period of five years after the Term, to inspect, copy, and audit your books, records, and federal, state, and local tax returns, sales tax returns and such other forms, reports, information, and data as Franchisor reasonably may designate, applicable to the operation of the Franchised Business. If Franchisor conducts an audit pursuant to this Section 7.D., you must produce all requested documents to Franchisor within 10 calendar days after Franchisor's written request; if you do not timely produce such documents, it is considered a default under Section 18.C.(16). If an inspection or audit discloses an understatement of Gross Sales, you shall pay Franchisor, within ten days after receipt of the inspection or audit report, the deficiency in the Royalty Fees plus interest (at the rate and on the terms provided in Section 6.F.) from the Due Date until the date of payment. If an inspection or audit is made necessary by your failure to furnish reports or supporting records as required under this Agreement, or to furnish such reports, records, or information on a timely basis, or if an understatement of Gross Sales for the period of any inspection or audit is determined to be greater than 2%, you also shall reimburse Franchisor for the actual cost of the inspection or audit including, without limitation, the charges of attorneys and independent accountants, and the travel expenses, accommodations, meals and compensation of Franchisor's employees or designees involved in the inspection or audit. These remedies shall be in addition to all other remedies and rights available to Franchisor under this Agreement and applicable law.

Franchisor may also require you to participate in brand-wide management and reporting systems, which you must contribute requested data and otherwise participate in. Upon execution of this Agreement, you must also execute Attachment I, the Dashboard Access Agreement, which gives you access to Franchisor's current reporting system. You may be required to participate in other systems in the future, which you must participate in and incorporate into your reporting procedures at your own cost and expense.

### E. Accounting Practices.

If you fail to comply with any of the reporting requirements described in this Article 7 then Franchisor may require you to engage a bookkeeping service provider, designated or approved by Franchisor, to provide bookkeeping services for the Franchised Business for such period of time that Franchisor deems appropriate, in its sole discretion.

## 8. TRAINING AND ASSISTANCE.

### A. Training.

Franchisor will provide an initial training program at its headquarters or such other location as Franchisor may designate. Your Designated Manager and such other of your management personnel as Franchisor may reasonably require must attend and successfully complete the initial training program before the Franchised Business may open for business. "Designated Manager" means the individual identified in Attachment C and that satisfies the requirements and conditions set forth in Section 11.K. There is no charge for up to two individuals (including the Designated Manager) to attend the initial training program. At your request, Franchisor may permit additional individuals to attend the same training program (subject to certain conditions, as set forth in the Manual), provided there is availability for additional participants in the training program and, if approved, you pay to Franchisor its then-current training fee as published in the Manual from time-to-time. If Franchisee is other than an individual, Franchisor may require (in addition to the training of the key personnel identified in Attachment C and the Designate Manager) that any or all owners of beneficial interests in Franchisee (each a "Owner"), who are individuals and own more than a ten percent (10%) beneficial interest in Franchisee, attend and successfully complete, to Franchisor's satisfaction, such portions of the initial training program as determined by Franchisor appropriate for Owners not involved in the day-to-day operations of the Franchised Business.

Your Designated Manager, general manager, and other Franchised Business personnel shall attend and successfully complete to Franchisor's satisfaction all safety training courses and programs that Franchisor requires from time-to-time, including, without limitation, all training that may be required by the state or local municipality where your Franchised Business is located, and shall maintain such certifications at all times throughout the Term. Franchisor may charge, and you agree to pay, a then-current additional training fee or tuition for all safety training courses and programs that it provides plus, when applicable, reimbursement of Franchisor's out of pocket costs it incurs in connection with providing such training, including travel, accommodations and meals for the individual(s) providing such training.

Your Designated Manager shall be responsible for training your employees in all aspects of Franchised Business operations in accordance with the Standards set forth in the Manual. If Franchisor determines that the training provided by Franchisee or Designated Manager does not satisfy Franchisor's standards and requirements, or that any newly trained individual is not trained to Franchisor's standards, then Franchisor may require that such newly trained individual(s) attend and complete an initial training program provided by Franchisor prior to the opening of the Franchised Business.

You or your Designated Manager must complete initial training within 60 days of the Effective Date. Franchisor may, in its sole discretion, require your Designated Manager and other of your management personnel to attend and complete, to Franchisor's satisfaction, such other additional and remedial training as Franchisor may from time-to-time reasonably deem necessary. By way of example and not limitation, remedial training may be required if you repeatedly fail to comply with the quality and service Standards set forth in the Manual, fail to comply with reporting requirements of this Agreement or receive significant customer complaints. Franchisor may charge, and you agree to pay, a then-current training fee for each day of additional or remedial training provided plus, when applicable, reimbursement of Franchisor's out of pocket costs it incurs in connection with providing such training, including travel, accommodations and meals for the individual(s) providing such assistance.

You are responsible for all costs and expenses of complying with Franchisor's training and certification requirements including, without limitation, tuition, fees (including training fees which Franchisor may collect on Designated Supplier's behalf, as defined in Section 11.C.), and registration costs, as well as compensation, wages, travel, accommodations and meals for all personnel who participate in the training.

Franchisor's training program is intended to maintain and protect the Proprietary Marks and System and not to control the day-to-day operations of the Franchised Business. Franchisor's training program may consist of on-the-job instruction on basic business procedures, equipment operation and maintenance, scheduling, basic accounting principles, computer operations, advertising and promotion, purchasing procedures, customer safety, inventory and cost control, customer service, janitorial services, general maintenance, and other topics selected by Franchisor (excluding topics relating to labor relations and employment practices). If Franchisee, its Designated Manager, or Franchisee's manager does not successfully complete the required training program, then such person will not be permitted or authorized to participate in the operation of the Franchised Business.

**B. New or Replacement Designated Manager.**

In the event that Franchisee's Designated Manager ceases active employment in the Franchised Business, Franchisee shall enroll a qualified replacement who is reasonably acceptable to Franchisor in Franchisor's training program reasonably promptly (within 30 days) following cessation of employment of said individual. Franchisor reserves the right to require Franchisee to pay Franchisor's then-current per diem charges for any such training conducted by Franchisor. In the alternative, with respect to training a replacement Designated Manager, Franchisee may train such replacement(s) in accordance with Section 8.C. below. The replacement Designated Manager and/or any required managers shall complete the initial training program as soon as is practicable and in no event later than any time periods as Franchisor may specify from time to time in the Manuals and otherwise in writing. Franchisor reserves the right to review any Franchisee trained personnel and require that such persons attend and complete, to the satisfaction of Franchisor, the initial training program offered by Franchisor at a location designated by Franchisor.

**C. Training by Franchisee of Additional or Replacement Managers.**

Franchisee shall have the option of training any additional Designated Manager (following the training of the first Designated Manager by Franchisor) at the Franchised Business or other Snapology Business operated by Franchisee or its Affiliates, provided that Franchisee is in compliance with all agreements between Franchisee and Franchisor and further provided that the training is conducted: (a) by the Designated Manager or other personnel who has completed Franchisor's initial training program to the satisfaction of the Franchisor (and who remains acceptable to Franchisor to provide such training) and (b) in accordance with any requirements or standards as Franchisor may from time to time establish in writing for such training. In the event Franchisor conducts such training, Franchisor reserves the right to require Franchisee to pay Franchisor's then-current per diem charges for training.

**D. Conference.**

Franchisor (or its designated Affiliate) may, at its sole option, conduct conferences to discuss System developments including operational efficiency, personnel training, bookkeeping, accounting, inventory control, performance standards, advertising programs, merchandising procedures, and such other matters as Franchisor may identify. Attendance at such conferences by Franchisee, and other key personnel identified by Franchisor, may be made mandatory by Franchisor. If Franchisee is currently in default of this Agreement, then Franchisor may, at its option, prohibit Franchisee and its representatives' attendance at such conferences. Franchisee is responsible for all costs and expenses associated with attendance including, without limitation, compensation, travel, accommodations, wages, and meals for conference attendees. Franchisor reserves the right to charge a Conference Fee, which is due upon Franchisor's invoice to Franchisee. In addition to payment of the Conference Fee, Franchisee is responsible for wages, travel, lodging, and other fees and costs for Franchisee and its personnel to attend such conferences. If Franchisee's attendance is required and Franchisee fails to attend or send an approved representative in its place to attend the conference, then Franchisor reserves the right to charge Franchisee a conference materials fee of $1,000 to provide Franchisee the training materials from the conference in a format of Franchisor's choosing.

**E. Refresher Training.**

Subject to Section 8.H., Franchisor may also require that Franchisee or its key personnel or Designated Manager attend such refresher courses, supplemental training, annual training, seminars, and other training programs as Franchisor may reasonably require from time to time. Franchisor reserves the right to charge Franchisee the greater of the then-current annual training fee or actual fee charged by any third parties administering the training.

**F. Training Costs.**

All expenses incurred in connection with training, including, without limitation, the costs of transportation, lodging, meals, wages, and worker's compensation insurance, shall be borne by Franchisee.

**G. Location of Training.**

All training programs shall be at such times as may be designated by Franchisor. Training programs shall be provided at Franchisor's headquarters and/or such other locations as Franchisor may designate.

**H. Additional Training.**

If Franchisor determines, in its sole discretion, that Franchisee is in need of additional supervision or supplemental training, Franchisor may require that Franchisee receive such training from Franchisor, in which case Franchisee agrees that it shall pay Franchisor's then-current per diem charges and out-of-pocket training expenses, which shall be as set forth in the Manuals or otherwise in writing. If Franchisee requests that Franchisor provide additional supervision or supplemental training or that any training programs offered or required by Franchisor, then Franchisee further agrees that it shall pay Franchisor's then-current per diem charges and out-of-pocket training expenses, set forth in the Manuals or otherwise in writing.

## 9. MANUAL

**A. Manual on Loan.**

Franchisor will loan you one copy of the Manual (as defined in Attachment A), which may take the form of one or more of the following: one or more loose-leaf or bound volumes; bulletins; notices; videos; CD-ROMS or other electronic media; online postings; online portal; e-mail or electronic communications; facsimiles; PDF; or, any other medium capable of conveying the Manual's contents. The Manual is material because it will affect the way you operate your Franchised Business. The Manual contains detailed standards, specifications, instructions, requirements, methods, and procedures for management and operation of the Franchised Business. The Manual may also contain information relating to customer experience and service standards; customer loyalty, rewards and Membership Programs; management training and brand qualifications for personnel roles; marketing, advertising, and sales promotions, including brand strategy and positioning; maintenance and repair of the Franchised Business premises; personnel uniform standards; graphics; and accounting, bookkeeping, records retention, and other business systems, procedures, and operations. In order to protect the reputation and goodwill of Franchisor and to maintain high standards of operation under the System, Franchisee shall operate the Franchised Business strictly in accordance with the standards, specifications, methods, policies, and procedures specified in the Manuals (as supplemented, amended, or modified by Franchisor from time-to-time). The mandatory specifications, standards and operating procedures prescribed by Franchisor and communicated to Franchisee in writing as part of the Manual, shall constitute provisions of this Agreement as if fully set forth herein. All references herein to this Agreement shall include the provisions of the Manuals and all such mandatory specifications standards and operating procedures.

### B. The Manual is Confidential.

Franchisee shall treat the Manuals, any other materials created for or approved for use in the operation of the Franchised Business, and the information contained therein, as confidential, and shall use all best efforts to maintain such information (both in electronic and other formats) as proprietary and confidential. You shall not download, copy, duplicate, record, or otherwise reproduce the foregoing materials, in whole or in part, or otherwise make the same available to any unauthorized person, except as authorized in advance by the Franchisor. You agree to maintain the Manual at the Franchised Business, to treat the Manual as strictly confidential and proprietary, and to disclose the contents of the Manual only to those employees who have a need to know in connection with the operation of the Franchised Business.

### C. Revisions to the Manual.

Franchisor, at its sole discretion, may supplement, amend, or modify the Manual from time-to-time through any of the foregoing methods of communication concerning the System to reflect changes in the image, specifications, and standards relating to developing, equipping, furnishing, and operating a Snapology Business, including without limitation products and services that may be offered to customers, all of which will be considered part of the Manual and will, upon delivery to you, become binding on you as if originally set forth in the Manual or in this Agreement. You must keep your copy of the Manual current and up-to-date with all additions and deletions provided by or on behalf of Franchisor, and you must purchase whatever equipment and related services (including, without limitation, sound system, lighting, computer system, internet service, dedicated phone line, and such other hardware and software and related technology solutions and components as we may prescribe) as may be necessary to receive these communications. Franchisee expressly agrees to comply with each new or changed standard in the Manual. If a dispute relating to the contents or interpretation of the Manual develops, the master copy maintained by Franchisor at its principal offices shall control.

### D. Franchisor's Property.

The Manuals shall remain the sole property of Franchisor and shall be accessible only from a secure place. Upon termination or expiration of this Agreement, you shall immediately return the Manual without retaining any copies thereof.

## 10. MODIFICATIONS OF THE SYSTEM

Franchisor may, at its sole option, change or modify from time-to-time the System, any components of this System, and the requirements applicable to you by means of supplements or amendments to the Manual, including, but not limited to, modifications to the Manual, BMS, Curriculum, Services, Supplies, the required equipment, the signage, the building and premises of the Franchised Business (including the trade dress, décor, and color schemes), the presentation of the Proprietary Marks (including requiring additional or replacement Proprietary Marks), and other characteristics to which you are required to adhere (subject to the limitations set forth in this Agreement); adoptions of new administrative forms and methods of report and of payment of any monies owed by Franchisee (including electronic means of reporting and payment); alterations of the products, services, programs, methods, standards, accounting and computer systems, forms, policies and procedures of the System; and additions to, deletions from, or modifications to the products and services your Franchised Business is authorized or required to offer; and additions, changes, improvements, modifications, substitutions to, of, from, or for the Proprietary Marks or copyrighted materials. You must accept and implement at the Franchised Business any such changes or modifications in the System as if they were a part of the System at the time you executed this Agreement, and you must make such expenditures as the changes or modifications in the System reasonably require.

Because enhancing Snapology's competitive position and consumer acceptance for the brand's products and services is a paramount goal of Franchisor and its franchisees, and because this objective is consistent with the long-term interest of the System overall, Franchisor may exercise certain rights, to the fullest extent permitted by then-applicable law, with respect to pricing of products and services offered for sale at Snapology Businesses, including, but not limited to, establishing policies with respect to the maximum and minimum retail prices which you may charge customers of your Franchised Business. Franchisor further reserves the right to establish price promotions or package promotions, gift card programs, loyalty programs, and other supplemental marketing programs, which may directly or indirectly impact your retail prices, and in which Franchisor may compel you to participate. Franchisor may engage in any such activity periodically or throughout the Term and may engage in such activity in some geographic areas but not others, or with regard to certain subsets of franchisees but not others.

You acknowledge that because uniformity may not be possible or practical under many varying conditions, Franchisor reserves the right to materially vary its standards or franchise agreement terms for any franchisee, based on the timing of the grant of the franchise, the peculiarities of the particular territory or circumstances, business potential, population, existing business practices, other non-arbitrary distinctions, or any other condition which Franchisor considers important to the successful operation of the System. Except as required by applicable law, Franchisor is not obligated to disclose any variation or to grant the same or a similar variation to you.

If you develop any new concepts, processes, or improvements relating to the System, Curriculum, or Services, whether or not pursuant to a test authorized by Franchisor, you must promptly notify Franchisor and provide Franchisor with all information regarding the new concept, process, or improvement, all of which will automatically become the sole and exclusive property of Franchisor and its Affiliates, and which Franchisor and its Affiliates may incorporate into the System without any payment or other consideration to you. You, on behalf of yourself and your owners and all personnel, hereby irrevocably assign all rights in any new concepts, process or improvements relating to the System, and any derivative thereof, to Franchisor or any of its Affiliates, at Franchisor's option, and will execute and deliver all such additional instruments and documents as Franchisor may request to evidence the assignment and Franchisor's or its Affiliate's ownership of such new concept, process or improvement relating to the System.

Franchisee shall not implement any change to the System (including the use of any product or supplies not already approved by Franchisor, Curriculum, Services, and Supplies) without Franchisor's prior written consent. Franchisee acknowledges and agrees that, with respect to any change, amendment, or improvement in the System or use of additional product or supplies for which Franchisee requests Franchisor's approval: (i) Franchisor shall have the right to incorporate the proposed change into the System and shall thereupon obtain all right, title, and interest therein without compensation to Franchisee, (ii) Franchisor shall not be obligated to approve or accept any request to implement change, and (iii) Franchisor may from time to time revoke its approval of a particular change or amendment to the System, and upon receipt of written notice of such revocation, Franchisee shall modify its activities in the manner described by Franchisor.

At all times, Franchisee shall update, upgrade, maintain, replenish, re-equip, replace and recondition supplies or the Service Vehicle (if applicable), as specified by Franchisor, in the Operations Manual and as modified by Franchisor from time to time. **NOTWITHSTANDING THE FOREGOING, FRANCHISEE EXPRESSLY ACKNOWLEDGES AND AGREES THAT THE FOREGOING RELATES TO BRAND STANDARDS AND SPECIFICATIONS ASSOCIATED WITH THE PROPRIETARY MARKS AND THE SERVICES AND THAT, AT ALL TIMES, FRANCHISEE IS AND SHALL EXCLUSIVELY REMAIN RESPONSIBLE FOR CONDITIONS INVOLVING THE SAFETY OF CUSTOMERS AT THIRD PARTY SITES AND.**

If Franchisee fails or refuses to initiate within 10 days after receipt of notice, and to continue in good faith and with due diligence, a bona fide program to undertake and complete required maintenance or refurbishing of the Service Vehicle, and/or Supplies that, in Franchisor's sole discretion, is necessary to prevent a negative impact upon the goodwill associated with the Proprietary Marks and/or the System, or for the safety of customers of the Franchised Business, then Franchisor has the right, but is not obligated, to enter the Service Vehicle and effect maintenance and refurbishing on Franchisee's behalf, and Franchisee must pay the entire cost to Franchisor on demand. In lieu, Franchisor may also require Franchisee to shutter the Franchised Business until such required maintenance or refurbishment is conducted according to Franchisor's specifications.

## 11. PERFORMANCE REQUIREMENTS

### A. Best Efforts.

Your Designated Manager (see Section 11.K. below) must use full time and best efforts in the operation of the Franchised Business and must personally supervise the day-to-day operation and management of the Franchised Business. An Owner may be the Designated Manager.

### B. Standards, Specifications and Procedures.

You agree to comply with all System specifications, standards, and operating procedures (whether contained in the Manual or any other written communication, or communicated in training) relating to the appearance, operation, customer experience, function, safety and cleanliness of a Snapology Business, including without limitation: (1) the types of programs offered; (2) uniformity, pricing and type of all products, Supplies, and Services offered for sale at the Franchised Business; (3) sales and marketing procedures and customer service; (4) advertising and promotional programs; (5) Membership Programs (including compliance with the terms and formats of membership agreements in the form prescribed by Franchisor), customer loyalty programs and gift card programs (Customer Card Programs); (6) décor and color scheme of the Franchised Business; (7) qualification and training of personnel; (8) submission of requests for approval of brands of products, supplies, and suppliers; (9) use and illumination of signs, posters, displays, standard formats, and similar items; (10) use of audio equipment and type and decibel levels of music; (11) use of video equipment and type and decibel level of television broadcasts (including closed captioning requirements); and (12) programming offered by the Franchised Business. Mandatory specifications, standards, and operating procedures, including upgraded or additional equipment (including Computer Systems, as defined below) that Franchisor prescribes from time-to-time in the Manual or otherwise communicates to you shall constitute provisions of this Agreement as if fully set forth in this Agreement.

### C. Designated Suppliers and Distributors.

You must purchase from us, our Affiliate, or from suppliers or distributors we designate (each a "Designated Supplier") all of your requirements for developing and operating the Franchised Business including, but not limited to: (1) signage and other products; (2) uniforms, shirts, and all other merchandise and items intended for retail sale (whether or not bearing our Proprietary Marks), including but not limited to merchandise to satisfy monthly purchasing requirements; (3) advertising, point-of-purchase materials, digital marketing services, and other printed promotional materials; (4) gift certificates and stored value cards; (5) stationery, business cards, contracts, and forms; (6) bags, packaging, and supplies bearing the Proprietary Marks; (7) insurance from our Designated Supplier (which may be us or an Affiliate) and approved carriers or brokers, to the extent permitted by law; (8) local and regional marketing services through our Designated Supplier, if applicable; (9) reputation management and customer service satisfaction evaluations, and other surveys, (10) human resource information system and/or payroll systems, and other related systems; (11) replacement parts for required equipment; (12) point-of-sale, merchant processing, and other related systems; (13) technology solutions (e.g., franchise management system, computer equipment) identified by us; (14) certain support services related to the operation of your Franchised Business, including the accounting systems and third party accounting services that we prescribe; and (15) other products and services that we require. We reserve the right to modify, add, and discontinue use of such suppliers or distributors at any time at our sole discretion. You agree to promptly comply with all such requirements within our designated timeframe, and at your sole expense.

Franchisor may, at its sole option, enter into supply contracts either for all Snapology Businesses or a subset of Snapology Businesses situated within one or more geographic regions (each a "Systemwide

Supply Contract”). Franchisor may enter into Systemwide Supply Contracts with one or more vendors of products, services, or equipment and may require all company-owned and franchised Snapology Businesses in a geographic area to purchase from or use such vendors. If Franchisor enters into such Systemwide Supply Contracts, then immediately upon notification, you must purchase or use the specified product, service, or equipment, as applicable, only from the Designated Supplier for such Systemwide Supply Contract; provided, however, that if, at the time of such notification, you are already a party to a non-terminable supply contract with another vendor or supplier for the designated product, service, or equipment, then your obligation to purchase from or use Franchisor’s Designated Supplier under the Systemwide Supply Contract will not begin until the scheduled expiration or earlier termination of your pre-existing supply contract. Franchisor makes no representation that it will enter into any Systemwide Supply Contracts or other exclusive supply arrangements or, if it does, that you will not otherwise be able to purchase the same products or services at a lower price from another supplier. Franchisor may add to, modify, substitute or discontinue Systemwide Supply Contracts or exclusive supply arrangements in the exercise of its sole discretion and business judgment. If Franchisor enters into a Systemwide Supply Contract or such other contracts with a Designated Supplier (e.g., point-of-sale systems, merchant processing, music licenses, Membership Programs), then you agree to pay Franchisor on a monthly basis (via ACH or Franchisor’s then-current electronic payment program and on the Due Date for the Royalty Fee collected under this Agreement), or such other basis as reasonably determined by Franchisor, your pro rata share of such payments due to such Designated Supplier under the Systemwide Supply Contract regardless of whether there is a participation agreement or similar agreement in effect to which you are a party.

Franchisor may also establish commissaries and distribution facilities owned and operated by Franchisor or its Affiliate that Franchisor may deem a Designated Supplier. Franchisor may receive money or other benefits, such as rebates or conference sponsorships, from Designated Suppliers based on your purchases; you agree that Franchisor has the right to retain and use all such benefits as it deems appropriate, in its sole discretion. Franchisor and its Affiliates have the right to derive revenue - in the form of promotional allowances, volume discounts, commissions, other discounts, performance payments, signing bonuses, rebates, marketing and advertising allowances, free products, and other economic benefits and payments – from suppliers that we designate, approve, or recommend for some or all Snapology franchised businesses on account of those suppliers’ prospective or actual dealings with your Franchised Business and other Snapology franchised businesses. That revenue may or may not be related to services we and our Affiliates perform. All amounts received from suppliers, whether or not based on your other franchisees’ purchases from those suppliers, will be our and our Affiliates’ exclusive property, which we and our Affiliates have the right to retain and use without restriction for any purposes we and our Affiliates deem appropriate. Any products or services that we or our Affiliates sell you directly may be sold to you at prices exceeding our and their costs.

Franchisor may approve one or more suppliers for any products and services and may approve a supplier only as to certain products and services. Franchisor may concentrate purchases with one or more suppliers or distributors to obtain lower prices and the best advertising support and services for any group of Snapology Businesses or any other facilities franchised or operated by Franchisor or its Affiliates. Approval of a supplier may be conditioned on requirements relating to the frequency of delivery, reporting capabilities, standards of service, including prompt attention to complaints, corporate social responsibility policies or other criteria as set forth in the Manual, and concentration of purchases, as set forth above, and may be temporary pending a further evaluation of such supplier by Franchisor.

If you propose to purchase from a previously unapproved source, you shall submit to Franchisor a written request for such approval or shall request the supplier to submit a written request on its own behalf. Franchisor has the right to require, as a condition of its approval, that its representatives be permitted to sample the product and inspect the supplier’s facilities, and that such information, specifications, and samples as Franchisor reasonably requires be delivered to Franchisor and to an independent, certified laboratory designated by Franchisor for testing prior to granting approval. A charge not to exceed the actual cost of the inspection and product testing and the actual cost of the test shall be paid by you ("Supplier Testing Fee"). Franchisor will notify you within 120 days of your request as to whether you are authorized to purchase such products from that supplier; Franchisor's failure to respond constitutes rejection of the proposed supplier. Franchisor reserves the right, at its option, to re-inspect the facilities and products of any such Designated Supplier and to revoke its approval of any supplier upon the suppliers' failure to meet Franchisor's criteria for quality and reliability. If Franchisor revokes approval of such Designated Supplier, you must promptly discontinue use of that supplier.

**D. Authorized Products and Services.**

You shall cause the Franchised Business to offer all products and services that Franchisor requires and only offer the products and services that Franchisor has authorized in writing. For the sake of clarity, you may not "co-host" programs at your Franchised Business (e.g., after-school programs and student camps organized by third party service providers for which the Franchised Business serves as a "host venue") without Franchisor's prior written authorization. Franchisor may add, modify, and discontinue authorized products and services at any time, in its sole discretion, and you shall promptly comply with all directives. The Franchised Business shall begin offering for sale additional, upgraded or modified products and services and cease offering discontinued products and services within ten days of the date you receive written notice of the addition, modification, or discontinuance. All products and services offered for sale by the Franchised Business shall meet Franchisor's Standards. You shall discontinue selling and offering for sale any products and services which Franchisor shall have disapproved, in writing, even if Franchisor has previously approved its use.

**ALTHOUGH APPROVED OR DESIGNATED BY FRANCHISOR, FRANCHISOR AND ITS AFFILIATES MAKE NO WARRANTY AND EXPRESSLY DISCLAIM ALL WARRANTIES, INCLUDING WARRANTIES OF MERCHANTABILITY AND FITNESS FOR ANY PARTICULAR PURPOSE WITH RESPECT TO THE PRODUCTS, SERVICES, EQUIPMENT, SUPPLIES, FIXTURES, FURNISHINGS OR OTHER APPROVED ITEMS. IN ADDITION, FRANCHISOR DISCLAIMS ANY LIABILITY ARISING OUT OF OR IN CONNECTION WITH THE SERVICES RENDERED OR PRODUCTS SUPPLIED BY ANY DESIGNATED SUPPLIER OR SUPPLIER APPROVED BY FRANCHISOR. FRANCHISOR'S APPROVAL OF OR CONSENT TO ANY PRODUCTS OR SERVICES, ANY SUPPLIER THEREOF OR ANY OTHER INDIVIDUAL, ENTITY OR ANY ITEM WILL NOT CREATE ANY LIABILITY TO FRANCHISOR.**

With respect to party supplies, merchandise, and other items required for the operation of the Franchised Business, you shall always maintain an inventory of such products sufficient in quality and variety to realize the full potential of the Franchised Business. Franchisor may, from time-to-time, conduct market research and testing to determine consumer trends and the salability of new products and services. You agree to cooperate in these efforts by participating in customer surveys and market research programs if requested by Franchisor. All customer surveys and market research programs will be at Franchisor's sole cost and expense, unless you have volunteered to participate in the survey or market research and to share your proportionate cost. You may not test any new product or service without Franchisor's prior written consent.

In the event Franchisee sells any products, premiums, novelty items, clothing, souvenirs or performs any services that Franchisor has not prescribed, approved or authorized, Franchisee shall (i) cease and desist offering or providing the unauthorized or unapproved product, premium, novelty item, clothing, souvenir or from performing such services and (ii) pay to Franchisor, on demand, a prohibited product or service fine equal to Two Hundred Fifty Dollars ($250) per day for each day such unauthorized or unapproved product, premium, novelty item, clothing, souvenir or service is offered or provided by

Franchisee. The prohibited product or service fine shall be in addition to all other remedies available to Franchisor under this Agreement or at law, including termination.

**E. Computer Systems and Intranet/Extranet Systems.**

You shall acquire and use all point-of-sale systems, computer hardware and related accessories, and peripheral equipment ("Computer Systems") that Franchisor prescribes for use by the Franchised Business and may not use any point-of-sale systems or computer hardware, accessories, or peripheral equipment that Franchisor has not approved for your use. Requirements may include, among other things, connection to remote servers, off-site electronic repositories, and high-speed Internet connections and service.

You shall: (1) use any proprietary software programs, BMS, system documentation manuals, and other proprietary materials provided to you by Franchisor in connection with the operation of the Franchised Business; (2) input and maintain in your computer such data and information as Franchisor prescribes in the Manual, software programs, documentation, or otherwise; and (3) purchase new or upgraded software programs, system documentation manuals, and other proprietary materials at then-current prices whenever Franchisor adopts such new or upgraded programs, manuals, and materials system-wide. You shall enter into all software license agreements, "terms of use" agreements, and software maintenance agreements, in the form and manner Franchisor prescribes, and pay all fees charged by third-party software and software service providers thereunder. In addition, Franchisor has the right to charge, and you agree to pay, a technology fee ("Technology Fee") in the amount specified in the Summary Page or otherwise required by Franchisor from time to time as communicated in writing or in the Manual.

You acknowledge that Franchisor may independently access from a remote location, at any time, all information input to, and compiled by, your Computer System or an off-site server, including information concerning Gross Sales, purchase orders, inventory and expenditures, customer data, and any other data contained within your Computer System. You must provide Franchisor continuous, uninterrupted 24/7 independent access to the Computer System to monitor your social media, sales, receivables, and other financial and operational data Franchisor designates. There is no contractual limitation on Franchisor's right to access these records. There are no contractual limitations on Franchisor's right to access or retrieve any information contained and/or utilized by your Computer System.

You acknowledge that technology is ever changing and that, as technology or software is developed in the future, Franchisor may, in its sole discretion, require you to: (1) add to your Computer System memory, ports, and other accessories or peripheral equipment, or additional, new, or substitute software; (2) replace, update or upgrade your Computer System, including but not limited to computer hardware components and software applications as Franchisor prescribes, but not to exceed three times per calendar year.

To ensure full operational efficiency, you agree to keep your Computer System in good maintenance and repair and to make additions, changes, modifications, substitutions, and replacements to your computer hardware, accessories and peripherals, software, telephone and power lines, high speed Internet connections, and other computer-related facilities as directed by Franchisor. Upon termination or expiration of this Agreement, all computer software, disks, tapes, and other magnetic storage media shall be returned to Franchisor in good operating condition, excepting normal wear and tear. You must update the Computer System periodically according to Franchisor's then-current Standards.

Franchisor may, at its option, establish and maintain an intranet or extranet system through which members of Snapology franchise network may communicate, and through which Franchisor may disseminate updates to the Manual and other Confidential Information. Franchisor will have no obligation to establish or to maintain the intranet indefinitely and may dismantle it at any time without liability to you. Franchisor may establish policies and procedures for the intranet's use. Franchisor expects to adopt and adhere to a reasonable privacy policy. However, you acknowledge that, as administrator of the intranet, Franchisor can technically access and view any communication that anyone posts on the intranet. You further acknowledge that the intranet facility and all communications that are posted to it will become Franchisor's property, free of any claims of privacy or privilege that you or any other individual may assert. If you fail to pay when due any amount payable to Franchisor under this Agreement, or if you fail to comply with any policy or procedure governing the intranet, Franchisor may suspend your access to any chat room, bulletin board, listserv, or similar feature the intranet includes until you fully cure the breach.

**F. Non-Cash Payment Systems.**

Franchisor shall reserve the right to dictate the method of Franchisee's payment systems, whether it be through a Designated Supplier or through Franchisor or its Affiliate's online payment processing portal. You shall accept debit cards, credit cards, stored value cards, or other non-cash systems (including, for example, APPLE PAY, and/or GOOGLE WALLET) specified by Franchisor to enable customers to purchase authorized products, and you shall obtain all necessary hardware and software used in connection with these non-cash systems. You will use the Designated Suppliers of such non-cash payment systems that we designate in the Manual, and we will collect your pro rata share of payments due to such Designated Suppliers in accordance with Section 11.C. related to Systemwide Supply Contracts.

The parties acknowledge and agree that protection of customer privacy and credit card information is necessary to protect the goodwill of businesses operating under the Proprietary Marks and System. Accordingly, you shall cause the Franchised Business to meet or exceed, at all times, all applicable security standards developed by the Payment Card Industry Security Standards Council or its successor and other regulations and industry standards applicable to the protection of customer privacy and credit card information. You shall use only the non-cash payment systems approved by Franchisor, and are prohibited from accepting any currency or payment type other than U.S. currency. This prohibition extends to cryptocurrency or any other non-U.S. currency-based payment systems. You shall take commercially reasonable precautions to prevent data security breaches, and to comply with breach notification statutes and other legal requirements in the event of a security breach. You are solely responsible for your own education concerning these regulations and standards and for achieving and maintaining applicable compliance certifications.

**YOU SHALL DEFEND, INDEMNIFY, AND HOLD FRANCHISOR HARMLESS FROM AND AGAINST ALL CLAIMS ARISING OUT OF OR RELATED TO YOUR VIOLATION OF THE PROVISIONS OF THIS SECTION 11.F. IN ACCORDANCE WITH THE INDEMNIFICATION PROCEDURES SET FORTH IN SECTION 20.B.**

**G. Franchisor Inspections.**

Franchisor or its designees shall have the right at any reasonable time and without prior notice to you to: (1) inspect the Franchised Business premises and its operations, or Franchisee's operations at Third Party Sites; (2) observe, photograph, and record the operation of the Franchised Business for such consecutive or intermittent periods as Franchisor deems necessary; (3) interview Franchised Business personnel; (4) interview customers; and (5) inspect and copy any books, records, and documents relating to the operation of the Franchised Business or, upon request of Franchisor or its designee, require you to send copies thereof to Franchisor or its designee. You shall present to your customers those evaluation forms as are periodically prescribed by Franchisor and shall participate and ask your customers to participate in any surveys performed by or on behalf of Franchisor as Franchisor may direct.

You agree to cooperate fully with Franchisor or its designee regarding any such inspection, observations, recordings, product removal, and interviews. You shall take all necessary steps to immediately correct any deficiencies detected during these inspections including, without limitation, ceasing further sales of unauthorized items and ceasing further use of any equipment, advertising materials, or supplies that do not conform to the Standards and requirements promulgated by Franchisor from time-to-time. Franchisor shall have the right to develop and implement a grading system for inspections and, to the extent such a system is implemented, if the Franchised Business fails to achieve a passing score on any inspection, Franchisor may require your key personnel identified in Attachment C and other Franchised Business personnel to attend and participate in such additional training as Franchisor deems appropriate. If the Franchised Business fails to achieve a passing score on any two consecutive inspections or if the Franchised Business fails to achieve a passing score three or more times in any 12-month period, Franchisor may terminate this Agreement in accordance with Article 18.

These inspections may take the form of quality assurance inspections and mystery shops. To the extent Franchisor utilizes any of its employees, representatives, or a third-party service for conducting quality assurance inspections and mystery shops, you must reimburse Franchisor its actual costs of the mystery shop, including but not limited to related travel expenses and cost of any merchandize purchased in connection with inspections and mystery shops conducted at your Franchised Business ("Compliance Review Fee"). At Franchisor's request, Franchisor may require you to pay the Compliance Review Fee directly to the applicable services provider or Franchisor may collect it from you.

**H. Upkeep of the Franchised Business.**

You shall continuously operate the Franchised Business and shall, at all times and at your sole expense, maintain in first class condition and repair, in good working order, in accordance with the requirements of the System, and in compliance with all governing laws and regulations, and the cleanliness of, the interior and exterior of the Service Vehicle (if applicable) and/or premises of the Franchised Business (if applicable), including, without limitation, all Supplies, furniture, fixtures, equipment, computer systems, furnishings, floor coverings, interior and exterior signage, interior and exterior finishes, and interior and exterior lighting. You shall promptly and diligently perform all necessary maintenance, repairs, and replacements to the Franchised Business premises as Franchisor may prescribe from time-to-time including periodic interior painting and replacement of obsolete or worn out signage, floor coverings, furnishings, equipment, and décor, if applicable. Franchisee shall make such changes, upgrades, and replacements as Franchisor may periodically require, in the time frames specified by Franchisor. Franchisee must also stock, maintain and replenish Supplies in such supply as to realize, service and promote, to its full potential, the Franchised Business. Franchisee shall make such changes, upgrades, and replacements as Franchisor may periodically require, in the time frames specified by Franchisor.

**I. Franchised Business Operations and Minimum Event Requirements.**

You shall be the sole operator of your business. You shall cause the Franchised Business to be open and operating on the days and during the hours that Franchisor designates, which may be all seven days during the week, subject to applicable local law or licensing limitations. You shall operate and maintain the Franchised Business in conformity with the highest ethical standards and sound business practices and in a manner that will enhance the goodwill associated with the Proprietary Marks.

Franchisee must satisfy and meet the following minimum weekly event requirements (the "Minimum Event Requirements"): Commencing six (6) months following the Opening Date, The Franchised Business must satisfy and meet the following Minimum Event Requirements:

| Minimum Event Requirements | |
|---|---|
| Months 6 - 12 | An average of not less than twelve (12) Snapology Events as measured over any six (6) month period. |
| Months 13 - 24 | An average of not less than twelve (12) Snapology Events as measured over any three (3) month period. |

| Minimum Event Requirements | |
|---|---|
| Month 25 and each month thereafter | An average of not less than fifteen (15) Snapology Events as measured over any three (3) month period. |
| Commencement: In determining the applicable months, “Month 1” has the same meaning as defined in Section 6.B. | |

**J. Management and Personnel.**

You shall employ a sufficient number of qualified, competent personnel to satisfy the demand for the products and services offered by the Franchised Business. Your key management personnel are identified in Attachment C to this Agreement.

You shall hire all employees of the Franchised Business and be exclusively responsible for the terms of their employment and for the proper training of such employees in the operation of the Franchised Business, including without limitation with respect to customer relations. You will ensure that your personnel comply with the Standards set forth in the Manual, including compliance with Standards related to customer service and engagement. The parties acknowledge and agree that these requirements are necessary to preserve the goodwill identified by the Proprietary Marks.

Franchisee shall be responsible for having all personnel employed by Franchisee wear standard related uniforms and attire during business hours, and during tournaments, in order to further enhance Franchisor’s product and format. Franchisee shall be permitted to purchase such uniforms and attire from Designated Suppliers, which uniforms and attire must be in strict accordance with Franchisor’s design and other specifications.

Further, the parties acknowledge and agree that Franchisor neither dictates nor controls labor or employment matters for you or your employees. You are exclusively and soley responsible for labor and employment-related matters and decisions related to the Franchised Business, including, but not limited to, hiring, promoting, and compensating personnel, for determining the number of jobs offered or job vacancies to be filled, for determining and changing employee wages, benefits and work hours, method of payment, maintenance of employment records, for disciplining and discharging your employees, and for supervising and controlling your employee’s work schedule or conditions of employment. You are exclusively responsible for labor relations with your employees. We do not require you to implement any employment-related policies or procedures or security-related policies or procedures that we (at our option) may make available to you in the Manual or otherwise for your optional use. You shall determine to what extent, if any, these policies and procedures may be applicable to your operations at the Franchised Business. **YOU SHALL DEFEND AND INDEMNIFY FRANCHISOR AND ITS INDEMNITIES (AS DEFINED IN SECTION 20.B BELOW) AGAINST ANY AND ALL PROCEEDINGS, CLAIMS, INVESTIGATIONS, AND CAUSES OF ACTION INSTITUTED BY YOUR EMPLOYEES OR BY OTHERS THAT ARISE FROM YOUR EMPLOYMENT PRACTICES IN ACCORDANCE WITH THE INDEMNIFICATION PROCEDURES SET FORTH IN SECTION 20.B.**

**K. Designated Manager.**

You shall designate and retain an individual to serve as your Designated Manager, or, alternatively, one of your Owners may serve as the Designated Manager. The Designated Manager as of the date of this Agreement is identified in Attachment C to this Agreement. Unless waived in writing by Franchisor, the Designated Manager shall meet all of the following qualifications:

(1) He or she, at all times, shall have full control over the day-to-day activities and operations of the Franchised Business and shall devote full time and best efforts to supervising the operation of the Franchised Business (and any other Snapology Businesses that you own and

operate pursuant to a franchise agreement with Franchisor) and shall not engage in any other business or activity, directly or indirectly, that requires substantial management responsibility or time commitment;

(2) He or she shall successfully complete the initial training program and any additional training required by Franchisor;

(3) Franchisor shall have approved him or her as meeting its then-current Standards for such position, and not have later withdrawn such approval;

(4) He or she shall have executed and delivered to Franchisor the Undertaking and Guaranty in the form attached to this Agreement as Attachment D (or then-current form if later appointed) if he or she is an Owner with more than 10% ownership interest in you; and

(5) He or she shall have executed and delivered to Franchisor a Confidentiality and Noncompete Agreement in the form attached to this Agreement as Attachment E (or then-current form if later appointed) if he or she is also an Owner.

If the Designated Manager ceases to serve in, or no longer qualifies for such position, you shall inform the Franchisor immediately and designate another qualified person to serve as your Designated Manager within 30 days. Franchisor reserves the right to approve or reject your replacement Designated Manager. Your approved replacement Designated Manager must successfully complete the initial training program and execute and deliver to Franchisor a Confidentiality and Noncompete Agreement in the form prescribed by Franchisor before assuming Designated Manager responsibilities. We reserve the right to charge you our then-current training fee to train your new Designated Manager, plus our out-of-pocket expenses in providing such training. Franchisee acknowledges and agrees that Franchisor shall have the right to rely upon the Designated Manager as having responsibility and decision-making authority regarding the Franchised Business's operation and Franchisee's business.

**L. Signs and Logos.**

Subject to any applicable local ordinances, and as applicable, you shall prominently display at the Franchised Business premises such interior and exterior signs, logos, and advertising of such nature, form, color, number, location, and size, and containing the content and information that Franchisor may from time-to-time direct. You shall not display in or about the Franchised Business premises or otherwise regarding the Proprietary Marks any unauthorized sign, logo, or advertising media of any kind.

**M. Compliance with other Agreements.**

Franchisee must at all times pay its distributors, contractors, suppliers, trade creditors, employees, lessors, lenders, tax authorities, and other creditors, promptly as the debts and obligations to such persons become due. Failure to do so shall constitute a breach of this Agreement.

**N. Compliance with Laws and Good Business Practices.**

You shall secure and maintain in full force in your name and at your expense all required licenses, permits, and certifications relating to the operation of the Franchised Business, including without limitation any licenses, permits, and certifications that may be required in the jurisdiction in which the Franchised Business is located with respect to services and programs (e.g., after-school programs and student camps) offered at your Franchised Business. You shall operate the Franchised Business in full compliance with all laws, ordinances, and regulations including, without limitation, all laws or regulations governing or relating to immigration and discrimination, occupational hazards, employment laws (including, without limitation, workers' compensation insurance, unemployment insurance, and the withholding and payment of federal and state income taxes and social security taxes) and the payment of sales taxes. All advertising and promotion for the Franchised Business shall be completely factual and shall conform to the highest standards of ethical advertising and all applicable law, including truth in advertising laws. In all dealings with the Franchised Business' customers, suppliers, and the public, you shall adhere to the highest standards of honesty, integrity, fair dealing, and ethical conduct. You acknowledge that the quality of customer service, and every detail of appearance and demeanor of you and your employees, is material to this Agreement and the relationship created and licenses granted hereby. Therefore, you shall endeavor to maintain high standards of quality and service in the operation of the Franchised Business, including operating in strict compliance with all applicable standards, rules, and regulations. You shall at all times give prompt, courteous, and efficient service to customers of the Franchised Business. You shall refrain from any business or advertising practices that may be injurious to the goodwill associated with the Proprietary Marks or to Snapology Brand, Franchisor or its Affiliates, the System, or other System franchisees.

You shall notify Franchisor in writing within five days after the commencement of: (1) any action, suit, or proceeding, or the issuance of any order, writ, injunction, award, or decree of any court, agency, or other governmental instrumentality, which may adversely affect the operation of the Franchised Business or your financial condition; or (2) any notice of violation of any law, ordinance, or regulation relating to health or sanitation at the Franchised Business.

**O. Payment of Taxes and Other Indebtedness.**

You shall promptly pay, when due, all taxes levied or assessed by any federal, state, or local tax authority and any and all other indebtedness incurred by you in the operation of the Franchised Business. In the event of any bona fide dispute as to liability for taxes assessed or other indebtedness, you may contest the validity or the amount of the tax or indebtedness in accordance with procedures of the taxing authority or applicable law; provided, however, in no event shall you permit a tax sale or seizure by levy of execution or similar writ or warrant, or attachment by a creditor, to occur against the premises of the Franchised Business or any improvements thereon.

**P. Membership Program.**

Franchisor has established a multi-tier membership program for Snapology Businesses (the "Membership Program"). You are obligated to participate in the Membership Program in accordance with the terms set forth in this Agreement and the Manual. All Membership Program fees you collect from members will be included in your Gross Sales and subject to the monthly Royalty Fee and other fees.

You must comply with the Standards for the Membership Program set forth in the Manual, including Membership Program tiers, pricing, and such other terms and conditions as we may establish from time to time. We or our Designated Supplier will administer the Membership Program, and we reserve the right to modify the structure of the Membership Program and the benefits of membership at any time upon notice to you. In connection with the sale of each membership, the customer must enter into a membership agreement with us in the form prescribed by us and we reserve the right to charge each customer a setup or additional fees to be paid to us, the amount of which we may set at our sole discretion, in addition to membership fees that customers may pay directly to you.

You acknowledge that we and our Affiliates have the right, through the point-of-sale or other technology system components, or otherwise, to independent and unrestricted access to lists of the Franchised Business's members and prospects, including names, addresses and other related information ("Member Information"). If we require your participation, you must sign the Dashboard Access Agreement, attached hereto as Attachment I and pay the relevant fees, and any other reporting software that we require from time to time. We and our Affiliates may use Member Information in our and their business activities, but, during the Term, we and our Affiliates will not use the Member Information that we or they learn from you or from accessing the point-of-sale or other technology system components to compete directly with the Franchised Businesses. Upon termination of this Agreement, we and our Affiliates reserve the right to make any and all disclosures and use the Member Information in any manner that we or they deem necessary or appropriate.

### Q. Crisis Management Events.

Upon the occurrence of a Crisis Management Event, you must immediately inform Franchisor's President, Chief Executive Officer, or Chief Legal officer (or as otherwise instructed in the Manuals) by telephone, and to cooperate fully with Franchisor with respect to Franchisor's response to the Crisis Management Event. You shall also notify Franchisor immediately when you receive any media inquiries concerning the Franchised Business, including, but not limited to, the business operation and incidents and occurrences related to a customer or employee, and you shall direct all media inquiries to Franchisor. You must not communicate directly with the press or media, and you or your employees are prohibited from publishing your own statements on any other media, including on any social media platform. You shall follow all of Franchisor's policies, procedures, and instructions in every such situation, including, without limitation, managing public relations and communications, as directed by the Franchisor or as specified in the Manuals, whether or not you have retained outside counsel or a public relations firm to assist with such matters.

### R. Computer Systems and Required Software.

The following terms and conditions shall apply with respect to the Computer System and Required Software:

(1) Franchisor shall have the right to specify or require that certain brands, types, makes, and/or models of communications, computer systems, cloud-based systems, Website portals, and hardware be used by, between, or among Snapology Businesses, including without limitation: (a) data, audio, video, and voice storage, retrieval, and transmission systems for use at Snapology Businesses, between or among Snapology Businesses, and between and among the Franchised Business and Franchisor and/or Franchisee; (b) Point of Sale System; (c) physical, electronic, and other security systems; (d) printers and other peripheral devices; (e) archival back-up systems; and (f) internet access mode and speed (collectively, the "Computer System").

(2) Franchisor shall have the right, but not the obligation, to develop or have developed for it, or to designate: (a) computer software programs, cloud-based system software, Website portal programs and accounting system software that Franchisee must use in connection with the Computer System ("Required Software"), including without limitation, performance analytics and training and evaluation software and gaming software, which Franchisee shall install; (b) updates, supplements, modifications, or enhancements to the Required Software, which Franchisee shall install; (c) the tangible media upon which such Franchisee shall record data; and (d) the database file structure of Franchisee's Computer System.

(3) Franchisee shall record all sales on a cloud-based point of sale and payments processing system designated and approved by Franchisor in the Manuals or otherwise in writing ("Point of Sale System"), which shall be deemed part of the Franchisee's Computer System.

(4) Franchisee shall make, from time to time, such upgrades and other changes to the Computer System and Required Software as Franchisor may request in writing (collectively, "Computer Upgrades").

(5) Franchisee shall comply with all specifications issued by Franchisor with respect to the Computer System and the Required Software, and with respect to Computer Upgrades. Franchisee shall also afford Franchisor unimpeded access to Franchisee's Computer System and Required Software as Franchisor may request, in the manner, form, and at the times requested by Franchisor. In no way limiting the foregoing, Franchisee shall provide Franchisor with access to any web-based video feed of the Franchised Business.

(6) Franchisee shall comply with specifications issued by Franchisor with respect to video camera installation and operation in the Franchised Business, including granting Franchisor access to any video camera feed in any manner Franchisor may so require.

(7) Franchisee shall not hire third party or outside vendors to perform any services or obligations in connection with the Computer System, Required Software, or any other of Franchisee's obligations without Franchisor's prior written approval. Franchisor's consideration of any proposed outsourcing vendor(s) may be conditioned upon, among other things, such third party or outside vendor's entry into a confidentiality agreement with Franchisor and Franchisee in a form that is reasonably provided by Franchisor.

Franchisee and Franchisor acknowledge and agree that changes to technology are dynamic and not predictable within the term of this Agreement. In order to provide for inevitable but unpredictable changes to technological needs and opportunities, Franchisee agrees that Franchisor shall have the right to establish, in writing, new standards for the implementation of technology in the System; and Franchisee agrees that it shall abide by those new standards established by Franchisor as if this Section 11.S. were periodically revised by Franchisor for that purpose.

**S. Business Data.**

Franchisor may, from time-to-time, specify in the Manuals or otherwise in writing the information that Franchisee shall collect and maintain on the Computer System installed at the Franchised Business, and Franchisee shall provide to Franchisor such reports as Franchisor may reasonably request from the data so collected and maintained. All data pertaining to the Franchised Business, and all data created or collected by Franchisee in connection with the System (including Membership Data), or in connection with Franchisee's operation of the business (including without limitation data pertaining to or otherwise concerning the Franchised Business's customers) or otherwise provided by Franchisee (including, without limitation, data uploaded to, or downloaded from Franchisee's Computer System) is and will be owned exclusively by Franchisor, and Franchisor will have the right to use such data in any manner that Franchisor deems appropriate without compensation to Franchisee. Copies and/or originals of such data must be provided to Franchisor upon Franchisor's request. Franchisor hereby licenses use of such data back to Franchisee for the term of this Agreement, at no additional cost, solely for Franchisee's use in connection with the business franchised under this Agreement.

**T. Service Vehicle, Fixtures, Equipment, and Signs.**

Under no circumstance shall Franchisee permanently attach any signs or trade dress bearing the Proprietary Marks at any Third Party Site. All signs and trade dress used by Franchisee at a Third Party Sites shall be portable, shall not be attached to any structure, and shall not be left at the Third Party Site overnight.

If Franchisee elects to operate a Service Vehicle Franchisee must obtain Franchisor's approval of any vehicle wrap and/or signs using the Proprietary Marks. Franchisee's Service Vehicle(s) must meet Franchisor's standards and specifications as to approved vehicles and must contain an exterior body wrap displaying the Proprietary Marks and interior configurations as approved and designated by Franchisor. Franchisee must maintain all of Franchisee's Service Vehicles in good and working order and in a safe and clean condition. Franchisee is exclusively responsible for the maintenance, care, costs and utilization of Franchisee's Service Vehicles.

**U. Curriculum and Supplies.**

Franchisee shall exclusively use the Curriculum in the operation of the Franchised Business and the Services offered by the Franchised Business. There are no substitutes or replacements to the Curriculum unless such substitutes or replacements are designated by Franchisor in writing.

Franchisee agrees that Franchisor and/or Franchisor's designees are and shall remain the sole and exclusive supplier and owner of the Curriculum and that Franchisee's access and use of same exists pursuant to a limited non-exclusive, non-transferable license subject to Franchisee's compliance with the terms and conditions of this Agreement and Franchisee's use of the Curriculum exclusively for the Franchised Business and provided that use by Franchisee is in compliance with the terms of this Agreement and Franchisor's standards and specifications as announced by Franchisor from time to time and as set forth, modified and updated by Franchisor (in its sole discretion) in the Manuals. As between Franchisee and Franchisor, Franchisee agrees that all enhancements and improvements to the Curriculum, no matter the source of such enhancements or improvements, shall be owned exclusively by Franchisor and that Franchisor is and shall remain the sole and exclusive owner of all copyrights and legal rights and interests in and to the Curriculum.

Franchisee shall exclusively use the Supplies as Franchisor shall designate and Franchisee shall purchase the Supplies from the suppliers and vendors designated and approved by Franchisor from time to time in Franchisor's sole discretion. Without limitation to the foregoing, Franchisee agrees that Franchisor's control over the nature, quality, branding and source of the Supplies is critical to the System and that irrespective of the availability of substitute products, supplies, equipment and/or sources of supply, Franchisee shall only use the Supplies as designated by Franchisor and only from those suppliers approved by Franchisor. Franchisee acknowledges and agrees that in many instances Franchisor and/or Franchisor's affiliates may be, may become and in most, if not all, instances currently is and will remain the sole and exclusive supplier of Supplies.

**V. Franchisor's Command Center: Business Management System.**

In connection with the management and operations of the Franchised Business, Franchisee shall exclusively use the BMS(s) designated by Franchisor and, as may be modified, supplemented and/or replaced by Franchisor from time to time in its sole discretion. As of the Effective Date, Franchisor has specified the use of command center ("Command Center") as its BMS. However, Franchisor may substitute or replace Command Center as the approved BMS at any time, or implement additional or different software, hardware, and other technologies at any time, which Franchisee is required to utilize. Franchisee cannot substitute or replace the BMS in favor of any substitutes or other systems.

To the extent that the BMS and/or a component thereof, is hosted, maintained, licensed and/or operated by third-party suppliers Franchisee shall purchase, license and maintain such BMS and/or accounts from such third-party suppliers designated by Franchisor and subject to Franchisor's standards and specifications. To the extent that the BMS designated by franchisor is an internet and/or cloud-based system with accounts and data (including the BMS Data) stored off-site, Franchisor, at Franchisor's sole election and in Franchisor's Business Judgment may require that Franchisee's license, utilization and use of the BMS occur through accounts registered to Franchisor, controlled by Franchisor, and/or licensed through Franchisor. To the extent that the BMS and the BMS Data are stored locally on computer systems maintained by Franchisee, Franchisee shall provide Franchisor with remote internet and complete access to such systems. Franchisee agrees that Franchisor may be and/or become the exclusive supplier and/or reseller of the BMS.

Franchisee shall be responsible for initial license fees, training fees, and continuing monthly license fees required for continued and mandatory access and use of the BMS, which shall be included in the Technology Fee. The Technology Fee shall be paid to Franchisor and/or to the third-party supplier and/or vendor(s) designated and approved by Franchisor. Franchisee must complete training, purchase and license – in accordance with Franchisor's standards and specifications – the BMS no later than the Opening Date.

Supplementing and without limitation to the foregoing, as to the BMS, Franchisee agrees that the BMS and the BMS Data will contain proprietary and confidential information owned by Franchisor and related to the System and that:

(1) Franchisee shall use the BMS and the BMS Data exclusively for the benefit of the Franchised Business and in accordance with the terms of this Agreement, the Operations Manual, and Franchisor's standards and specifications. Franchisee's access to the BMS and BMS Data is contingent on Franchisee's timely payment of such licensing fees and compliance under this Franchise Agreement. Franchisor shall temporarily or permanently withdraw or terminate Franchisee's license to BMS and BMS Data or terminate the Franchise Agreement due to Franchisee's nonpayment or noncompliance;

(2) Franchisee's rights in and to the BMS are limited to a non-exclusive, non-transferable license to use the BMS in connection with the operation of the Franchised Business in accordance with the terms of this Agreement, the Operations Manual, and Franchisor's standards and specifications;

(3) Franchisee's license in the BMS Data is non-transferable and non-assignable, and all BMS Data belongs to the Franchisor exclusively;

(4) As between Franchisee and Franchisor, Franchisee agrees that all enhancements and improvements to the BMS, no matter the source of such enhancements or improvements, shall be owned exclusively by Franchisor and that Franchisor is and shall remain the sole and exclusive owner of all copyrights and legal rights and interests in and to the BMS;

(5) At all times, Franchisee shall provide and permit Franchisor to maintain direct and independent access to the BMS and the BMS Data and to duplicate and evaluate the BMS Data. If applicable, upon Franchisor's request, Franchisee shall electronically transfer and transmit to Franchisor all BMS Data;

(6) When instructed by Franchisor, Franchisee shall upgrade, replace and modify the BMS;

(7) Franchisee shall promptly disclose to Franchisor all ideas and suggestions for modifications of enhancements to the BMS, to the configuration and templates associated with the BMS and that Franchisor shall have the right to use such ideas and suggestions and that Franchisee shall not receive nor obtain any ownership rights or interests in any modifications or enhancements to BMS;

(8) Other than permitting access to employees of Franchisee's Snapology Business for the purpose of conducting the authorized operations of Franchisee's Snapology Business, Franchisee shall not permit or allow any third party to access, utilize or duplicate the BMS or the BMS Data.

(9) Franchisee shall keep and maintain the BMS, the BMS Data and all information, data and templates stored, entered and/or maintained thereon as confidential and shall maintain security precautions to maintain the confidentiality and secrecy of same and to prevent the unauthorized access or use.

(10) In no event shall Franchisor or any affiliate of Franchisor and/or licensor of the BMS be liable to Franchisee for any damages, including any lost profits, lost savings, or other incidental or consequential damages, relating to the use or inability to use the BMS, even if Franchisor has been advised of the possibility of such damages, or for any claim by any other party including the software manufacturer. The foregoing limitations of liability are intended to apply without regard to whether other provisions of the Agreement have been breached or proven ineffective.

## 12. ORGANIZATION OF THE FRANCHISEE

### A. Representations.

The Franchisee is required to be a Business Entity. If the Agreement was signed under the Franchisee's individual capacity, then such individuals are required to execute the Franchisor's form of the assignment and assumption agreement assigning this Agreement to the Business Entity within 30 days of the Effective Date.

If you are a Business Entity, you make the following representations and warranties: (1) the Business Entity is duly organized and validly existing under the laws of the state of its formation; (2) it is qualified to do business in the state or states in which the Franchised Business is located; (3) execution of this Agreement and the development and operation of the Franchised Business is permitted by its governing documents; and (4) unless waived in writing by Franchisor, its charter documents and its governing documents shall at all times provide that the activities of the Business Entity are limited exclusively to the development and operation of Snapology Businesses. You shall not use all or any recognizable portion of the Proprietary Marks or Intellectual Property as part of your Business Entity or other legal name. You shall identify itself as the independent owner of the Franchised Business (in the manner required by Franchisor) in conjunction with any use of the Proprietary Marks, including on invoices, order forms, receipts, and business stationery, as well as at such conspicuous locations on the premises of the Franchised Business as Franchisor may designate in writing.

If you are an individual, or a partnership comprised solely of individuals, you make the following additional representations and warranties: (1) each individual has executed this Agreement; (2) each individual shall be jointly and severally bound by, and personally liable for the timely and complete performance and a breach of, each and every provision of this Agreement; and (3) notwithstanding any transfer for convenience of ownership pursuant to Article 17 of this Agreement, each individual shall continue to be jointly and severally bound by, and personally liable for the timely and complete performance and a breach of, each and every provision of this Agreement.

### B. Governing Documents.

If you are a corporation, copies of your Articles of Incorporation, bylaws, other governing documents, and any amendments, including the resolution of the Board of Directors authorizing entry into and performance of this Agreement, and all shareholder agreements, including buy/sell agreements, must be furnished to Franchisor. If you are a limited liability company, copies of your Articles of Organization, operating agreement, other governing documents and any amendments, including the resolution of the Managers authorizing entry into and performance of this Agreement, and all agreements, including buy/sell agreements, among the members must be furnished to Franchisor. If you are a general or limited partnership, copies of your written partnership agreement, other governing documents and any amendments, as well as all agreements, including buy/sell agreements, among the partners must be furnished to Franchisor, in addition to evidence of consent or approval of the entry into and performance of this Agreement by the requisite number or percentage of partners, if that approval or consent is required by your written partnership agreement or applicable law. When any of these governing documents are modified or changed, you must promptly provide copies of the modifying documents to Franchisor. You must also provide a copy of the Business Entity's EIN and execute a new ACH Authorization Agreement (Attachment G), if the EIN changes.

### C. Ownership Interests.

If you are a Business Entity, you represent that all of your equity interests are owned as set forth on Attachment C to this Agreement. In addition, if you are a corporation, you shall maintain a current list of all Owners, including owners of record and all beneficial owners of any class of voting securities of the corporation (and the number of shares owned by each). If you are a limited liability company, you shall maintain a current list of all members (and the percentage membership interest of each member). One

Owner must have at least 1% greater ownership interest in Franchisee than any other Owner in Franchisee's corporate governance documents, and must have the unilateral right to make decisions concerning transfer, winding up, and other matters impacting the operation and dissolution of the Franchisee and its assets ("Executive Owner"). The Executive Owner, as named in Attachment C herein, is not required to be the Designated Manager, but may also serve as the Designated Manager. Any changes to the Executive Owner must be approved by Franchisor and captured in Franchisee's corporate governance documents, a copy of which must be provided to Franchisor. Then, the parties must execute an amended Attachment C to capture the new Executive Owner. If you are a partnership, you shall maintain a current list of all owners of an interest in the partnership (and the percentage ownership interest of each general and limited partner). You shall comply with Article 17 of this Agreement prior to any change in ownership interests and shall execute any necessary addenda to Attachment C as changes occur to ensure the information contained in Attachment C is true, accurate, and complete at all times.

**D. Restrictive Legend.**

If you are a corporation, you shall maintain stop-transfer instructions against the transfer on your records of any voting securities, and each stock certificate of the corporation shall have conspicuously endorsed upon its face the following statement: "Any assignment or transfer of this stock is subject to the restrictions imposed on assignment by the Snapology® Franchise Agreement(s) to which the corporation is a party." If you are a limited liability company, your operating agreement must include the following statement with respect to restrictions on transfers: "Any assignment or transfer of an interest in this limited liability company is subject to the restrictions imposed on assignment by the Snapology® Franchise Agreement(s) to which the limited liability company is a party." If you are a partnership, your written partnership agreement shall provide that ownership of an interest in the partnership is held subject to, and that further assignment or transfer is subject to, all restrictions imposed on assignment by this Agreement.

**E. Guarantees.**

If you are a Business Entity, each Owner (and if you are a limited partnership, each of your general partner's Owners) who owns greater than 10% ownership interest in you shall execute the Undertaking and Guaranty attached hereto as Attachment D and all Owners shall execute the Confidentiality and Non-Competition Agreement attached hereto as Attachment E.

## 13. PROPRIETARY MARKS AND INTELLECTUAL PROPERTY

**A. Acknowledgments.**

You expressly understand and acknowledge that: (1) as between you and Franchisor, Franchisor is the exclusive owner of all right, title, and interest in and to the Proprietary Marks (and all goodwill symbolized by them) and the Intellectual Property; (2) the Proprietary Marks are valid and serve to identify the System and those who are licensed to operate a Franchised Business in accordance with the System; (3) your use of the Proprietary Marks and Intellectual Property pursuant to this Agreement does not give you any ownership interest or other interest in or to them, except the nonexclusive license to use them in accordance with this Agreement and the Standards; (4) any and all goodwill arising from your use of the Proprietary Marks, Intellectual Property and the System shall inure solely and exclusively to Franchisor's benefit, and upon expiration or termination of this Agreement, no monetary amount shall be assigned as attributable to any goodwill associated with your use of the System, Intellectual Property or the Proprietary Marks; (5) the license and rights to use the Proprietary Marks and Intellectual Property granted hereunder to you are nonexclusive; (6) Franchisor may itself use, and grant franchises and licenses to others to use, the Proprietary Marks, Intellectual Property, and the System; (7) Franchisor may establish, develop and franchise other systems, different from the System licensed to you herein, without offering or providing you any rights in, to, or under such other systems; and (8) Franchisor may add to, eliminate, modify, supplement, or otherwise change, in whole or in part, any aspect of the Proprietary Marks or Intellectual Property.

**B. Modification of the Proprietary Marks and Intellectual Property.**

Franchisor reserves the right to add to, eliminate, modify, supplement, or otherwise change any of the Proprietary Marks and Intellectual Property, in whole or in part. You must promptly take all actions necessary to adopt all new and modified Proprietary Marks or Intellectual Property and discontinue using obsolete Proprietary Marks or Intellectual Property which may include, among other things, acquiring and installing, at your expense, new interior and exterior signage and graphics.

**C. Use of the Proprietary Marks and Intellectual Property.**

You shall use only the Proprietary Marks and Intellectual Property designated by Franchisor and shall use them only in connection with the operation and promotion of the Franchised Business and in the manner required or authorized and permitted by Franchisor. Your right to use the Proprietary Marks and Intellectual Property is limited to the uses authorized under this Agreement and in the Manual, and any unauthorized use thereof shall constitute an infringement of Franchisor's rights and grounds for termination of this Agreement. Nothing in this Agreement shall be construed as authorizing or permitting the use of Proprietary Marks and Intellectual Property outside of the Protected Area or for any other purpose except as may be authorized in writing by Franchisor.

You shall not use all or any recognizable portion of the Proprietary Marks or the trademarks of any of Franchisor's Affiliates as part of your Business Entity or other legal name, and may not use them to incur any obligation or indebtedness on Franchisor's behalf. You shall comply with all requirements of Franchisor's and applicable state and local laws concerning use and registration of fictitious and assumed names and shall execute any documents deemed necessary by Franchisor or its counsel to obtain protection for the Proprietary Marks or to maintain their continued validity and enforceability. You shall not use any confusingly similar trademarks in connection with the Franchise Business or any other business in which you or any Affiliate has an interest.

Franchisor reserves the right to approve all signs, memos, stationery, business cards, advertising material forms and all other objects and supplies using the Proprietary Marks. All advertising, publicity, point of sale materials, signs, decorations, furnishings, equipment, or other materials employing the Proprietary Marks shall be in accordance with this Agreement and the Manuals, and Franchisee shall obtain Franchisor's approval prior to such use.

Upon the expiration, termination, or non-renewal of this Agreement, Franchisee shall immediately cease using the Proprietary Marks and Intellectual Property, color combinations, designs, symbols or slogans; and Franchisor may cause Franchisee to execute such documents and take such action as may be necessary to evidence this fact. After the effective date of expiration, termination, or non-renewal, Franchisee shall not represent or imply that it is associated with Franchisor or the Snapology franchise. To this end, Franchisee irrevocably appoints Franchisor or its nominee to be Franchisee's attorney-in-fact to execute, on Franchisee's behalf, any document or perform any legal act necessary to protect the Proprietary Marks from unauthorized use. Franchisee acknowledges and agrees that the unauthorized use of the Proprietary Marks and Intellectual Property will result in irreparable harm to Franchisor for which Franchisor may obtain injunctive relief, monetary damages, attorneys' fees and costs.

**D. Internet and Social Media Usage.**

You may not cause or allow all or any recognizable portion of the Proprietary Marks to be used or displayed as all or part of an e-mail address, Internet domain name, uniform resource locator ("URL"), or meta-tag, or in connection with any Internet home page, web site, landing pages, mobile channels, or any other Internet-related activity without Franchisor's express written consent, and then only in a manner and in accordance with the Standard and the Manual. This prohibition includes use of the Proprietary Marks or any derivative of the Proprietary Marks as part of in the registration of any username on any Website, personal blogs or social networking website including, but not limited to, Facebook, LinkedIn, Yelp, Pinterest, Instagram, Tik Tok or X (formerly known as Twitter), or any virtual worlds, file sharing, audio sharing and video-sharing sites. You will at all times during the Term comply with our social media and networking policies which will be provided to you in the Manual, and may be modified, amended, or terminated by us at any time.

**E. Customer Data.**

All customer information collected by Franchisee in connection with the operation of the Franchised Business ("Customer Data"), and all revenues Franchisor derives from such Customer Data, will constitute Franchisor's sole property, and be considered Confidential Information. Franchisor may use such Customer Data for any reason without compensation to Franchisee. You will assign all rights in Customer Data to us as further described in Section 13.F. You will provide copies of all Customer Data to us upon request. At your sole risk and responsibility, you may use Customer Data that you acquire solely in connection with operating the Franchised Business to the extent your use is permitted by applicable law. Upon expiration, termination or transfer of your Franchise Agreement, you must immediately cease using all Customer Data and all copies of Customer Data must be returned to us and removed from your POS, computer hardware and software and any other form of electronic media or hard copy in your possession or to which you have access.

In connection with collecting, storing and using Customer Data, you will: (1) comply with all applicable privacy laws ("Privacy Laws"); (2) comply with all Standards that relate to Privacy Laws and the privacy and security of Customer Data; (3) comply with any posted privacy policy and other representations made to the individual identified by Customer Data you process and communicate any limitations required thereby to any authorized receiving party in compliance with all Privacy Laws; (4) refrain from any action or omission that could cause Franchisor to breach any Privacy Laws; (5) maintain reasonable physical, technical and administrative safeguards for Customer Data and other Confidential Information that is in your possession or control in order to protect the same from unauthorized processing, destruction, modification or use that would violate the Franchise Agreement or any Privacy Law; (6) do and sign, or arrange to be done and signed, each act and document we deem necessary in our business judgment for us to maintain compliance with Privacy Laws; and (7) immediately report to us any theft or loss of Customer Data (other than the Customer Data of your own officers, directors, shareholders, employees or service providers).

You will, upon our request, provide us or representatives with: (1) information, reports and the results of any audits performed on your Franchised Business regarding your data security policies, security procedures or security technical controls related to Customer Data; and (2) access to your technology systems and related records, policies and practices that involve processing Customer Data in order to mitigate a security incident or so that an audit may be conducted.

In addition to the indemnity obligations set forth in Section 20.B and in accordance with the indemnification procedures set forth in Section 20, you will indemnify, defend and hold us harmless from losses arising out of or relating to any theft, loss or misuse of Customer Data for your breach of any of the terms, conditions or obligations relating to data security, privacy or Customer Data set forth in this Agreement.

You will immediately notify us upon discovering or otherwise learning of any theft, loss or misuse of Customer Data. You will, at your sole cost and expense, undertake remediation efforts and reasonably cooperate in any remediation efforts undertaken by us and further will implement corrective actions to prevent the recurrence of a similar incident. You will comply with the crisis management policies set forth in the Manual in connection with any data security incident involving your Franchised Business or Snapology system and will refrain from making any public comment with respect to such incident, including without limitation communications with customers regarding such incident, except as directed by us or in accordance with applicable law. You will provide all documentation and information to us related to any incident involving the unauthorized access or use of Customer Data. Where you are required by applicable law to notify customers directly about the incident, you must notify us in writing promptly after concluding that you have such a legal obligation and you will limit such notice to the customers to whom you are legally required to provide notice. You will reasonably cooperate with us in connection with any notice to customers and will assist in sending notices to such customers at our request.

**F. Assignment of Rights.**

In addition to your obligations set forth in Section 10 with respect to development of new concepts, modifications or improvements to the System, to the extent that you or any Owner or personnel creates any derivative work based on the Proprietary Marks or Intellectual Property ("Derivative Works"), you and each such Owner and personnel hereby permanently and irrevocably assigns to Franchisor all rights, interests, and ownership (including intellectual property rights and interests) in and to the Derivative Works, and agree to execute such further assignments as Franchisor may request. The term "Derivative Works" shall be interpreted to include, without limitation: any and all of the following which is developed by you, or on your behalf, if developed in whole or in part in connection with your Franchised Business: all products or services; all variations, modifications and/or improvements on products or services; your means, manner and style of offering and selling products and services; management techniques or protocols you may develop (or have developed on your behalf); all sales, marketing, advertising, and promotional programs, campaigns, or materials developed by you or on your behalf; and, all other intellectual property developed by you or on behalf of your Franchised Business.

Franchisor may authorize itself, its Affiliates, and other Franchised Businesses to use and exploit any such rights assigned by this Section 13.F. The sole consideration for your assignment to Franchisor of the foregoing rights shall be Franchisor's grant of the Franchised Business conferred to you under this Agreement. You and each Owner shall take all actions and sign all documents necessary to give effect to the purpose and intent of this Section 13.F You and each Owner and personnel irrevocably appoint Franchisor as true and lawful attorney-in-fact for you and each Owner and authorize Franchisor to take such actions and to execute, acknowledge, and deliver all such documents as may from time-to-time be necessary to convey to Franchisor all rights granted herein.

**G. Infringement; Notice of Claims.**

If you become aware of any infringement of the Proprietary Marks or Intellectual Property or if your use of the Proprietary Marks or Intellectual Property is challenged by a third party, then you must immediately notify Franchisor. Franchisor shall have the exclusive right to take whatever action it deems appropriate. If Franchisor or its Affiliate undertakes the defense or prosecution of any litigation pertaining to any of the Proprietary Marks or other intellectual property, you must sign all documents and perform such acts and things as, in the opinion of Franchisor's counsel, may be necessary to carry out such defense or prosecution. If it becomes advisable at any time in the sole discretion of Franchisor to modify or discontinue the use of any Proprietary Mark or Intellectual Property, or to substitute a new mark or graphic for any Proprietary Mark or Intellectual Property, as applicable, you must promptly comply, at your expense (which may include the cost of replacement signage and/or trade dress), with such modifications, discontinuances, or substitutions within 60 days following your receipt of written notice of the change.

**H. Remedies and Enforcement.**

You acknowledge that violation of this Article 13 is a material breach of this Agreement for which Franchisor may terminate this Agreement pursuant to Section 18.B. You acknowledge that in addition to any remedies available to Franchisor under this Agreement, you agree to pay all court costs and attorneys' fees incurred by Franchisor in obtaining specific performance of, a temporary restraining order and/or an injunction against violation of the provisions of this Article 13.

## 14. CONFIDENTIALITY OBLIGATIONS AND RESTRICTIVE COVENANTS

### A. Confidential Information.

You and each Owner acknowledge that all Confidential Information belongs exclusively to Franchisor. You and each Owner agree to use and permit the use of the Confidential Information only in connection with the operation of your Franchised Business, to maintain the confidentiality of all Confidential Information, to not duplicate any materials containing Confidential Information. You and each Owner further agree that you will not at any time, during the term of this Agreement and after expiration or earlier termination of this Agreement: (1) divulge any Confidential Information to anyone, except to your employees and professionals advisors having a need to know who are subject to a confidentiality agreement with you (the form of which shall contain at least the same level of confidentiality and degree of care related to nondisclosure required under this Agreement); (2) divulge or use any Confidential Information for the benefit of yourself, your Owners, or any third party (including any person, business entity, or enterprise of any type or nature), except in the operation of your Franchised Business, and then only in strict compliance with the Manual and System; (3) directly or indirectly imitate, duplicate, or "reverse engineer" any of our Confidential Information, or aid any third party in such actions; or (4) enter any Confidential Information into any third-party artificial intelligence platform, data processor, or any other type of computational processor or algorithm connected to the internet, including but not limited to ChatGPT, Gemini, DeepSeek and other processors utilizing algorithms that share and extract information from the internet.

Upon the expiration or earlier termination of this Agreement, you will return to Franchisor all Confidential Information which is then in your possession, including, without limitation, customer lists and records, all training materials and other instructional content, all financial and non-financial books and records, the Manual and any supplements to the Manual, and all computer databases, software, and manual. Franchisor reserves the right, upon its specific written request, to require you to destroy all or certain such Confidential Information and to certify such destruction to Franchisor. You specifically acknowledge that all customer lists or information adduced by your Franchised Business is not your property, but is Franchisor's property, and you further agree to never contend otherwise.

You shall cause your Designated Manager and any employee, professional advisors or other third party with authorized access to Confidential Information as described in this Section 14.A., including information contained in the Manual, to sign a confidentiality agreement in a form approved by Franchisor, which identifies Franchisor as a third-party beneficiary of such agreement and gives Franchisor independent rights of enforcement.

The provisions of this Section 14.A. will survive expiration or termination of this Agreement.

### B. Covenants of the Franchisee.

You acknowledge that you and your Owners will receive valuable specialized training and Confidential Information, including, without limitation, information regarding development and operation methods, strategies, and procedures; sales, promotional, and marketing methods; techniques and other trade secrets of Franchisor and the System.

You covenant and agree that during the term of this Agreement, you will not, either directly or indirectly, for yourself, or through, on behalf of, or in conjunction with any person, or legal entity:

(1) Divert or attempt to divert, or solicit or attempt to solict, any present or prospective customer of any Snapology Business to any Competitive Business, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act that is harmful, injurious, or prejudicial to the goodwill associated with the Proprietary Marks and the System; or

(2) Own, maintain, advise, operate, engage in, be employed by, make loans to, invest in, provide any assistance to, or have any interest in (as owner or otherwise) or relationship or association with, any Competitive Business other than Snapology Businesses operated by you or

your Affiliates pursuant to a then-currently effective franchise agreement with Franchisor, at any location within the United States, its territories or commonwealths, or any other country, province, state, or geographic area in which Franchisor or its Affiliates have used, sought registration of, or registered the Proprietary Marks or similar marks, or have operated or licensed others to operate a business under the System or the Proprietary Marks or similar marks; provided that such restriction shall not apply to less than a 5% beneficial interest in any publicly traded corporation.

You further covenant and agree that for a two (2)-year continuous and uninterrupted period (which shall be tolled during any period of noncompliance) commencing upon expiration or termination of this Agreement, regardless of the reason for termination, you will not, either directly or indirectly, for yourself, or through, on behalf of, or in conjunction with any person, or legal entity:

(3) Divert or attempt to divert, or solicit or attempt to solicit, any present or prospective customer of any Snapology Business to any Competitive Business, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act that is harmful, injurious, or prejudicial to the goodwill associated with the Proprietary Marks and the System; or

(4) Own, maintain, advise, operate, engage in, be employed by, make loans to, invest in, provide any assistance to, or have any interest in (as owner or otherwise) or relationship or association with, any Competitive Business (other than Snapology Businesses operated by you or your Affiliates pursuant to a then-currently effective Franchise Agreement with Franchisor), that either: (a) is, or is intended to be, located (i) in the Protected Area in which the Snapology Business was operated; or (ii) within 25 miles of the location of any other Snapology Business operating under the System and Proprietary Marks in existence or under development at the time of such termination or transfer; or (b) delivers services through the internet or mobile channels to customers within the borders of the Protected Area in which the Franchised Business was operated.

Franchisee shall not communicate or publish, directly or indirectly, any disparaging comments or information about Franchisor or the System during the term of this Agreement or thereafter. This provision shall include, but not be limited to, communication or distribution of information through the Internet via any Electronic Media.

**C. Covenants of the Franchisee's Owners.**

During the term of this Agreement, your Owners will not, either directly or indirectly, for themselves, or through, on behalf of, or in conjunction with any person, or legal entity:

(1) Divert or attempt to divert, or solicit or attempt to solicit, any present or prospective customer of any Snapology Business to any Competitive Business, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act that is harmful, injurious, or prejudicial to the goodwill associated with the Proprietary Marks and the System; or

(2) Own, maintain, advise, operate, engage in, be employed by, make loans to, invest in, provide any assistance to, or have any interest in (as owner or otherwise) or relationship or association with, any Competitive Business other than Snapology Businesses operated by you or your Affiliates pursuant to a then-currently effective Franchise Agreement with Franchisor, at any location within the United States, its territories or commonwealths, or any other country, province, state, or geographic area in which Franchisor or its Affiliates have used, sought registration of, or registered the Proprietary Marks or similar marks, or have operated or licensed others to operate a business under the System or the Proprietary Marks or similar marks; provided that such restriction shall not apply to less than a 5% beneficial interest in any publicly traded corporation.

For a two (2) year continuous and uninterrupted period (which shall be tolled during any period of noncompliance) commencing upon the earlier of (i) expiration or termination of this Agreement, regardless of the cause for termination, (ii) dissolution of the franchisee entity, or (iii) the transfer or redemption of an

Owner's interest in the franchisee entity, your Owners will not, either directly or indirectly, for themselves, or through, on behalf of, or in conjunction with any person, or legal entity:

(3) Divert or attempt to divert, or solicit or attempt to solicit, any present or prospective customer of any Snapology Business to any Competitive Business, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act that is harmful, injurious, or prejudicial to the goodwill associated with the Proprietary Marks and the System; or

(4) Own, maintain, advise, operate, engage in, be employed by, make loans to, invest in, provide any assistance to, or have any interest in (as owner or otherwise) or relationship or association with, any Competitive Business (other than Snapology Businesses operated by you or your Affiliates pursuant to a then-currently effective Franchise Agreement with Franchisor), that either: (a) is, or is intended to be, located (i) in the Protected Area in which the Snapology Business was operated; or (ii) within 25 miles of the location of any other Snapology Business operating under the System and Proprietary Marks in existence or under development at the time of such termination or transfer; or (b) delivers services through the internet or mobile channels to customers within the borders of the Protected Area in which the Franchised Business was operated.

At Franchisor's request, each Owner shall execute a separate agreement containing the terms contained in this Section 14.C.

**D. Reformation and Reduction of Scope of Covenants.**

If any part of these restrictions contained in this Article 14 is found to be unreasonable in time or distance, each month of time or mile of distance may be deemed a separate unit so that the time or distance may be reduced by appropriate order of the court or arbiter to that deemed reasonable. If, at any time during the two-year period following the expiration, termination, or approved transfer of this Agreement or the date any Owner ceases to be an Owner under this Agreement, Franchisee or any of its Owners fails to comply with its obligations under this Article 14, that period of non-compliance will not be credited toward satisfaction of the two-year period.

Franchisee understands and acknowledges that Franchisor shall have the right, in its sole discretion, to reduce the scope of any covenant set forth in this Article 14, or any portion thereof, without Franchisee's consent, effective immediately upon receipt by Franchisee of written notice thereof; and Franchisee agrees that it shall comply forthwith with any covenant as so modified, which shall be fully enforceable notwithstanding the provisions of Article 23 hereof.

**E. Acknowledgments.**

The parties and each Owner acknowledge and agree that any claims that you or such Owner may have or allege to have against Franchisor shall not constitute a defense to the enforcement of any covenant contained in this Article 14 or any Confidentiality and Non-Competition Agreement (or equivalent) signed by such Owner.

**F. No Undue Hardship.**

You and each Owner acknowledge and agree that the covenants set forth in this Article 14 are fair and reasonable. You acknowledge and agree that such covenants will not impose any undue hardship on you and that you have other considerable skills, experience, and education affording you the opportunity to derive income from other endeavors. Each Owner acknowledges and agrees that such covenants will not impose any undue hardship on him or her, and that each has other considerable skills, experience, and education affording him or her the opportunity to derive income from other endeavors. Nothing in this Article 14 or this Agreement shall be interpreted to prevent you and your Owners from (i) communicating with or providing information to any federal or state agency or (ii) otherwise complying with any federal, state, or local law.

### G. Injunctive Relief.

You and each Owner acknowledge that the violation of any covenant contained in this Article 14 would result in immediate and irreparable injury to Franchisor for which there is no adequate remedy at law. The parties acknowledge and agree that, in the event of a violation of any covenant contained in this Article 14, Franchisor shall be entitled to seek injunctive relief to restrain such violation in accordance with the usual equity principles. The party in violation of any foregoing covenant shall reimburse Franchisor for any costs that it incurs (including attorneys' fees) in connection with enforcement of the provisions contained in this Article 14.

## 15. BRAND DEVELOPMENT; MARKETING

### A. General Requirements.

In addition to contributions to the NAF, you must make the Local Marketing Expenditure and the Advertising Cooperative contribution under Section 15.C., as designated by Franchisor, provided that the combined amount for the NAF Contribution, Local Marketing Expenditure, and Advertising Cooperative shall not exceed 6% of Gross Sales in the aggregate during any 12-month period. Franchisor may allocate up to 5% of Gross Sales to the NAF Contribution. The Local Marketing Expenditure is set forth in the Summary Page. At Franchisor's request, Franchisee will furnish Franchisor with copies of invoices and other documentation reasonably satisfactory to Franchisor evidencing compliance with this Section 15.A. If Franchisor determines that Franchisee's Local Marketing Expenditure, combined with the NAF Contribution and Advertising Cooperative contribution, total less than the then-current percentage of Gross Sales required by Franchisor during the then-most recently completed three consecutive months, Franchisor may notify Franchisee of any additional amounts that Franchisee must spend (up to the then-current percentage of Gross Sales required by Franchisor) on local marketing, and if Franchisee has not spent such additional amounts (in addition to any ongoing marketing requirements) by the end of the three-month period following the month in which Franchisee receives such notice, then Franchisor may collect those unspent amounts directly from Franchisee's account pursuant to Section 6.G. and contribute them to the NAF, without any liability or obligation to use such funds for Franchisee's local advertising. Alternatively, at Franchisor's discretion, Franchisor may collect these monies from you and place the advertising on your behalf. Franchisor will provide Franchisee with not less than 30 days' notice of any determination which changes the amount of the Local Marketing Expenditure Franchisee must spend.

You shall conduct your marketing activities only within your Protected Area with no exceptions. You may engage in direct marketing activities in the Protected Area (even if it is overlapping with another franchisee's protected area). For purposes of this agreement, "direct marketing activities" include, without limitation, personal solicitations, direct mailings, sporting event sponsorships and advertising, and school event sponsorships and advertising. "Direct marketing activities" does not include web site advertising or targeted emails or text messages to existing customers. Franchisor may develop policies and procedures that apply to all types of advertising and marketing efforts, including social media advertising, and Franchisee shall comply with such policies and procedures. You may not conduct direct marketing activities outside of your Protected Area, unless Franchisor provides you with written consent specifically identifying the additional areas and time frame in which you may market outside of your Protected Area. You must never conduct any direct marketing activities or engage in any other advertising activities in another Snapology franchisee's protected area, directly or indirectly, which includes using any paid or unpaid customer referral sources.

All of your promotional and marketing materials shall comply with applicable law and conform to Franchisor's standards and specifications related to advertising, marketing, and trademark use. You shall submit to Franchisor samples of proposed promotional and marketing materials, and notify Franchisor of the intended media, before first publication or use. Franchisor will use good faith efforts to approve or disapprove proposed promotional and marketing materials within ten business days after receipt. You may not use the promotional or marketing materials until Franchisor expressly approves the materials and the proposed media. Once approved, you may use the materials only in connection with the media for which they were approved. Franchisor may disapprove your promotional or marketing materials, or the media for which they were approved, at any time, and you must discontinue using any disapproved materials or media upon your receipt of written notice of disapproval.

Franchisor reserves the right to identify a Designated Supplier (who may be Franchisor's Affiliate) of local and regional marketing services and/or establish a Systemwide Supply Contract for local and regional marketing services. In such case, Franchisor may collect all or a portion of the Local Marketing Expenditure in accordance with Section 6.G. and apply it to fees payable to the Designated Supplier for such local and regional marketing services. Franchisor also reserves the right to appoint an Affiliate to provide local and regional marketing services to Franchisee, and if established, Franchisee is required to submit a portion or all of the Local Marketing Expenditure to such Affiliate to satisfy the requirements under this Section 15.A. If the full amount of the Local Marketing Expenditure is applied to fees due under such a Systemwide Supply Contract, then Franchisee may, but is not required to, conduct additional or supplemental local marketing activities in accordance with this Section 15.A. If Franchisor collects less than the full amount of the Local Marketing Expenditure, then Franchisee must spend the remaining Local Marketing Expenditure in its marketing activities in its Protected Area in accordance with this Section 15.A.

Franchisee acknowledges and agrees that any and all copyrights in and to advertising and promotional materials developed by or on behalf of Franchisee shall be the sole property of Franchisor, and Franchisee agrees to execute such documents (and, if necessary, require its independent contractors to execute such documents) as may be deemed reasonably necessary by Franchisor to give effect to this provision. Any advertising, marketing, promotional, public relations, or sales concepts, plans, programs, activities, or materials proposed or developed by Franchisee for the Franchised Business or the System and approved by Franchisor may be used by Franchisor and other operators under the System of Franchisor without any compensation to Franchisee.

**B. Grand Opening Advertising.**

You agree to spend at least the Grand Opening Advertising amount set forth in the Summary Page in accordance with the Standards and Franchisor's specifications to promote the opening of your Franchised Business. All grand opening advertising and promotional materials shall be submitted to Franchisor for approval pursuant to Section 15.A, above. The Grand Opening Advertising shall generally commence one month before your Opening Date and last two to three months thereafter, as more specifically determined by the Franchisor on a case-by-case basis before commencement of the Grand Opening Advertising campaign. Franchisor reserves the right to require a Designated Supplier, which may be its Affiliate, to conduct your Grand Opening Advertising. The Grand Opening Advertising Amount shall not be credited towards the Local Marketing Expenditure requirements.

**C. Advertising Cooperatives.**

Franchisor may, from time-to-time, form local or regional advertising cooperatives (each an "Advertising Cooperative") to pay for the development, placement, and distribution of advertising for the benefit of Franchised Businesses located in the geographic region served by the Advertising Cooperative. Any Advertising Cooperative established by Franchisor will be operated solely as a conduit for the collection and expenditure of Advertising Cooperative fees for the foregoing purposes.

If Franchisor forms an Advertising Cooperative for the region in which the Franchised Business is located, you agree to participate in the Advertising Cooperative pursuant to the terms of this Section 15.C.

Franchisor shall have the exclusive right to create, dissolve, and merge each Advertising Cooperative created, in its discretion, and to create and amend the organizational and governing documents related thereto, provided that such documents shall: (1) operate by majority vote, with each Snapology Business (including those owned or managed by Franchisor or its Affiliates) entitled to one vote; (2) entitle Franchisor to cast one vote (in addition to any votes it may be entitled to on account of its ownership or operation of Snapology Businesses in the area served by the Advertising Cooperative); (3) permit the members of the Advertising Cooperative, by majority vote, to determine the amount of required contributions; and (4) provide that any funds left in the Cooperative at the time of dissolution shall be returned to the members in proportion to their contributions during the 12-month period immediately preceding termination. If the majority of the voting power of an Advertising Cooperative consists of Snapology Businesses owned by Franchisor or its Affiliates, contributions will not exceed $10,000 per year without the consent of a majority of the remaining members.

You agree to be bound by all organizational and governing documents created by Franchisor and, at Franchisor's request, shall execute all documents necessary to evidence or affirm your agreement. The Advertising Cooperative shall begin operating on a date determined in advance by Franchisor.

No advertising or promotional plans or materials may be used by the Advertising Cooperative or furnished to its members without Franchisor's prior approval. All advertising plans and materials must conform to the Standards and must be submitted to Franchisor for approval according to the procedures set forth in Section 15.A of this Agreement.

**D. Restriction Against Internet Advertising.**

You may not establish or maintain a web site or other presence on the World Wide Web portion of the Internet, including websites or social networking websites such as, but not limited to, Facebook, LinkedIn, Tiktok, Yelp, or X (formerly known as Twitter), which reflects any of the Proprietary Marks or any of Franchisor's copyrighted works, that includes the term "Snapology" as part of its URL or domain name, that otherwise states or suggests your affiliation with Snapology brand or franchise system, or that uses or displays any collateral merchandise offered at the Franchised Business, without Franchisor's express written consent, and then only in a manner and in accordance with the procedures, standards and specifications that Franchisor establishes. Our social media and networking policies will be provided to you in the Manual, and may be modified, amended, or terminated by us at any time.

**E. NAF.**

Franchisor may implement and administer the NAF for the creation and development of marketing, advertising, and related programs, campaigns and materials for the implementation of Franchisor's brand positioning. Franchisee will contribute the NAF Contribution to the NAF as set forth in Section 6.D. of this Agreement unless Franchisor suspends, at its option, collection of the NAF Contribution. Franchisor may, at its sole option, increase the NAF Contribution upon 60 days' prior notice to Franchisee, subject to the limitations in Section 15.A.

Franchisor will direct all initiatives related to the positioning of the brand using the NAF, including without limitation advertising and marketing programs (e.g. research methods, branding, creative concepts and materials, sponsorships, and endorsements used in connection therewith); selection of geographic and media markets; and media placement and the allocation thereof. Franchisor may use the NAF to pay the costs of research (including without limitation product and services research and development, curriculum and program development), market research (e.g. customer engagement with the brand, including design and décor, concept development, uniform design, customer service techniques, customer research and focus groups) creation and production of video, audio, electronic, and written advertising and marketing programs; administration of regional, multi-regional, and national advertising and marketing programs, customer research and surveys, and testing and related development activities; promotional events; purchasing and participating in online, social media, radio, television, and billboard advertising and programming; employing marketing, advertising and promotional agencies to assist therewith; conducting community relations activities; supporting public relations, maintenance of the System websites, and online presence; reasonable administrative expenses (including, but not limited to wages), public relations activities, Crisis Management Event management, employing a director and agencies to assist therein, defraying such salaries, administrative costs and overhead as Franchisor may incur in connection with such activities and other purposes deemed beneficial by Franchisor; and such other advertising, marketing, and promotional activities as Franchisor determines are appropriate for Snapology Businesses and the Proprietary Marks and System under which they operate. For the avoidance of doubt, Franchisee will ultimately be responsible for the costs associated with the placement of any such marketing and media for the Franchised Business in accordance with Section 15.A. The NAF may furnish Franchisee with samples of advertising, marketing formats, promotional formats, and other materials at no additional cost when Franchisor deems appropriate. Multiple copies of such materials will be furnished to Franchisee at Franchisee's sole cost.

(1) Accounting. The NAF will be accounted for separately from Franchisor's other funds and will not be used to defray any of Franchisor's general operating expenses, except for such reasonable salaries, administrative costs, travel expenses, and overhead as Franchisor may incur in activities related to the administration of the NAF and its programs, including as described in this Section 15.E and with respect to collecting and accounting for contributions to the NAF. The NAF will be operated solely as a conduit for collecting and expending the NAF Contribution. Franchisor does not act as trustee with respect to the NAF and has no fiduciary duty to Franchisee or its Affiliates, Owners, or any other franchisees with regard to the operation or administration of the NAF. Franchisor may spend, on behalf of the NAF, in any fiscal year, an amount that is greater or less than the aggregate contribution of Snapology Businesses to the NAF in that year, and the NAF may borrow from Franchisor or others to cover deficits or may invest any surplus for future use. All interest earned on monies contributed to the NAF will be used to pay advertising costs before other assets of the NAF are expended. Franchisor will, upon Franchisee's written request (but no more than once annually), provide a copy of its unaudited annual statement of monies collected and costs incurred by the NAF. Franchisor will have the right to cause the NAF to be incorporated or operated through a separate entity at such time as Franchisor deems appropriate, and such successor entity will have all of the rights and duties specified herein.

(2) Proportionality. Franchisee acknowledges that the NAF is intended to maximize recognition of the Proprietary Marks and patronage of Snapology Businesses generally. Although Franchisor will endeavor to utilize the NAF to develop advertising and marketing materials and programs and to place advertising that will benefit the System, Franchisor has no obligation to ensure that expenditures by the NAF in or affecting any geographic area are proportionate or equivalent to the contributions to the NAF by Snapology Businesses operated in that geographic area. Nor is Franchisor under any obligation to ensure that any Snapology Business will benefit directly or in proportion to its NAF Contribution from the development of advertising and marketing materials or the placement of advertising, or that all Snapology Businesses operated by Franchisor or any of its Affiliates will pay the same NAF Contribution. Except as expressly provided in this Section 15.E, Franchisor assumes no direct or indirect liability or obligation to Franchisee with respect to collecting amounts due to, or maintaining, directing or administering the NAF. Franchisor reserves the right to suspend or terminate (and, if suspended or terminated, to reinstate) the NAF. If the NAF is terminated, all unspent monies on the date of termination accrued will be distributed to franchisees operating Snapology Businesses in proportion to their respective contributions to the NAF accrued during the preceding three-month period, and such amounts will be spent on local marketing in accordance with Section 15.A.

(3) Unleashed Fund. Franchisor or its Affiliate reserves the right to establish an advertising fund separate from the NAF (the "Unleashed Fund") for advertising activities related to Franchisor's affiliates. Franchisee will not contribute directly to the Unleashed Fund. When the Unleashed Fund is established, the NAF shall contribute up to 15% of its monthly balance to the Unleashed Fund. The Unleashed Fund is not audited, and Franchisor is not required to provide any financial reports or other reports of Unleashed Fund. Franchisor or its affiliate will have the right to cause the Unleashed Fund to be incorporated or operated through a separate entity our affiliates

own and manage if we deem it appropriate, and the successor entity will have all of the same rights and duties.

**F. Loyalty Programs, Prize Promotions, and Promotional Literature.**

You shall participate in and offer to your customers all customer loyalty and reward programs, promotional programs, and all contests, sweepstakes, and other promotions that Franchisor may develop from time-to-time, which may include discount or complimentary products or services. Franchisor will communicate to you in writing the details of each such program and promotion, and you shall promptly display all point-of-sale advertising and promotion-related information at such places within the Franchised Business premises as Franchisor may designate. You shall purchase and distribute all coupons, clothing, toys, and other collateral merchandise (and only the coupons, clothing, toys, and collateral merchandise) designated by Franchisor for use in connection with each such program and promotion.

To the extent that Franchisor or its Affiliate develops or authorizes the sale of gift certificates and/or stored value cards, including programs or gift certificates not specific to Snapology, you shall acquire and use all computer software and hardware necessary to process their sale and to process purchases made using such gift certificates or stored value cards. All proceeds from the sale of all gift certificates and stored value cards belong exclusively to Franchisor or its Affiliate, and you shall remit the proceeds of such sales to Franchisor according to the procedures that Franchisor prescribes periodically. Franchisor or its Affiliate shall reimburse or credit to you (at Franchisor's option) the redeemed value of gift cards and stored value cards accepted as payment for products and services sold by the Franchised Business.

At your expense, you must fully participate in gift card programs, loyalty programs, credit card programs, customer tracking programs, incentive programs, reward programs, and other types of programs ("Customer Card Programs") that Franchisor develops or designates to support and promote the System. You must comply with all of Franchisor's procedures and policies for Customer Card Programs in the Manuals. You will, at your sole expense, promptly install at the Franchised Business any acceptance system for Customer Card Programs and/or hardware and software necessary for Customer Card Programs to operate with the Computer System. You must also obtain any services and supplies Franchisor requires from Designated Suppliers in connection with Customer Card Programs. Customer Card Programs may use aspects of the Computer System. Such Customer Card Programs may not be specific to Snapology. Franchisor or its affiliate reserves the right to charge administrative fees for administration of the Customer Card Programs, which may be up to 7% of the redeemed amount.

You also shall display at the Franchised Business premises all promotional literature and information as Franchisor may reasonably require from time-to-time. This may include, among other things, establishing a bulletin board for posting local school and community events and displaying signage or other literature containing information about Snapology franchise offering.

You also agree to honor such credit cards, courtesy cards, and other credit devices, programs, and plans as may be issued or approved by us from time-to-time. Any customary service charges or discounts from reimbursements charged on such cards or authorizations will be at your sole expense.

**G. Social Media Accounts License.**

At Franchisee's request and upon Franchisee's execution of a terms of use agreement in a form provided by Franchisor, Franchisor may, technology permitting, create all Social Media accounts related to the Franchised Business, and license the account to Franchisee for use in promoting the Franchised Business while this Agreement is in effect. Franchisee shall follow Franchisor's mandatory specifications, standards, operating procedures, and rules for using Social Media in connection with Franchisee's operation of the Franchised Business and Franchisee agrees to comply with any Social Media policy Franchisor implements. Franchisor shall own all Social Media accounts used in operation of the Franchised Business and shall allow Franchisee's access and use only in strict compliance with this Agreement. Franchisor reserves its right to remove Franchisee's access to Social Media accounts at any time at its sole discretion. Upon termination of this Agreement for any reason, Franchisee's access to all Social Media accounts will terminate. The term "Social Media" includes, without limitation: blogs; common social networks such as Facebook, Snapchat, Instagram, LinkedIn, Tiktok, X (formerly known as Twitter), or YouTube; internet listing sites such as Wikipedia, Google, and Yelp; applications supported by mobile platforms such as iOS and Android; virtual worlds and metaverses; file, audio, and video-sharing sites; and other similar internet, social networking, or media sites, mobile platforms, or tools.

Franchisee shall use all Social Media accounts and all content associated with the Social Media accounts only in connection with the operation and promotion of the Franchised Business. Franchisee has no right to sublicense use of the Social Media accounts. Franchisee acknowledges that Franchisor owns the Social Media accounts, all goodwill, all customer information, all analytical data, and all content associated with the Social Media accounts. Franchisee's use of the Social Media accounts will inure to the sole benefit of Franchisor. Franchisor shall possess exclusive rights to "likes," "favorites," "retweets," "followers," and other similar benefits ("Benefit") that come as a result of Franchisee's use of the Social Media accounts. Nothing herein shall grant Franchisee any right, title or interest in or to the Social Media accounts, goodwill, customer information, analytical data, content or Benefit associated with the Social Media accounts, other than the right to use it per this Agreement. Franchisee shall take no action inconsistent with Franchisor's ownership of the Social Media accounts, goodwill, customer information, analytical data, content or Benefit associated with the use of the Social Media accounts, or assist any third party in attempting to claim adversely to Franchisor, with regard to such ownership. Without limiting the generality of the foregoing, Franchisee specifically agrees that it will not challenge Franchisor's ownership of the Social Media accounts, goodwill, customer information, analytical data, content or any Benefit associated with the Social Media accounts.

Franchisee undertakes that its use of the Social Media accounts under this Agreement: (a) will comply in all material respects with the applicable platform's terms and conditions in force from time to time; (b) will not breach any applicable law, statute, regulation or legally binding code; (c) will not infringe the legal rights of any person in any jurisdiction; (d) will be used only to publish content about the Franchised Business; and (e) will not breach any provision of the Franchise Agreement and will comply at all times with Franchisor's policies, standards, and specifications, as they exist from time to time.

**H. Website and Intranet.**

In connection with any Website, Franchisee agrees to the following:

(1) Franchisor shall have the right, but not the obligation, to establish and maintain a Website, which may, without limitation, promote the Proprietary Marks, any or all of the Snapology Businesses, the franchising of Snapology Businesses, and/or the System. Franchisor shall have the sole right to control all aspects of the Website, including without limitation its design, content, functionality, links to the websites of third parties, legal notices, and policies and terms of usage; Franchisor shall also have the right to discontinue operation of the website.

(2) Franchisor shall have the right, but not the obligation, to designate one or more web page(s) to describe Franchisee and/or the Franchised Business, with such web page(s) to be located within Franchisor's Website. Franchisee shall comply with Franchisor's policies with respect to the creation, maintenance and content of any such web pages; and Franchisor shall have the right to refuse to post and/or discontinue posting any content and/or the operation of any web page.

(3) Franchisee shall not establish a separate Website, without Franchisor's prior written approval (which Franchisor shall not be obligated to provide). If approved to establish a Website, Franchisee shall comply with Franchisor's policies, standards and specifications with respect to the creation, maintenance and content of any such Website. Franchisee specifically acknowledges and agrees that any Website owned or maintained by or for the benefit of Franchisee shall be deemed "advertising" under this Agreement and will be subject to (among other things) Franchisor's approval.

(4) Franchisor shall have the right to modify the provisions of this Section 15.H. relating to Websites as Franchisor shall solely determine is necessary or appropriate.

Franchisor may establish a Website providing private and secure communications between Franchisor, Franchisee, franchisees, licensees and other persons and entities as determined by Franchisor, in its sole discretion (an "Intranet"). Franchisee shall comply with Franchisor's requirements (as set forth in the Manuals or otherwise in writing) with respect to connecting to the Intranet, and utilizing the Intranet in connection with the operation of the Franchised Business. The Intranet may include, without limitation, the Manuals, training or other assistance materials, and management reporting solutions (both upstream and downstream, as Franchisor may direct). Franchisee shall purchase and maintain such computer software and hardware as may be required to connect to and utilize the Intranet.

Franchisee shall comply with Franchisor's requirements (as set forth in the Manuals or otherwise in writing) with respect to establishing and maintaining telecommunications connections between Franchisee's Computer System and Franchisor's Intranet, if any, and/or such other computer systems as Franchisor may reasonably require.

## 16. INSURANCE.

### A. Obligation to Maintain Insurance.

You shall be responsible for all loss or damage arising from or related to your development and operation of the Franchised Business, and for all demands or claims with respect to any loss, liability, personal injury, death, property damage, or expense whatsoever occurring upon the premises of, or in connection with the development or operation of, the Franchised Business. You shall procure at your expense and maintain in full force and effect throughout the term of this Agreement that insurance which you determine is necessary or appropriate for liabilities caused by or occurring in connection with the development or operation of the Franchised Business, including the minimum coverages described in Section 16.B. below and as otherwise set forth in the Manual, as updated from time-to-time. Franchisor may, from time-to-time, designate one or more Designated Suppliers for the required insurance coverages described in Section 16.B., and Franchisee shall comply with the requirements to use such Designated Suppliers, to the extent permitted by applicable law. If you fail to carry the required insurance prior at any time during the Term, you shall not be permitted to operate your Franchised Business, and Franchisor shall maintain the right to place coverage at your expense or prohibit the opening or continued operation of your Franchised Business until the required insurance policies are obtained at all times.

### B. Minimum Insurance Coverage.

All insurance policies described below shall be written by an insurance company or companies satisfactory to us, in compliance with the Standards set forth in the Manual or other written directives. Such policy(ies) shall include, at a minimum, the following coverages:

| Line of Coverage: | Limits: |
|---|---|
| General Liability Insurance | \$1,000,000 per occurrence<br>\$2,000,000 Annual General Aggregate, Other than Products<br>\$2,000,000 Annual Aggregate, Products and Completed Operations<br>(a) premises and operations; (b) products and completed operations; (c) personal injury; (d) advertising liability; (e) abuse and molestation; (f) contractual liability; (g) employees as insureds; (h) extended bodily injury coverage; (i) damage to premises rented to you (\$100,000); (j) owned, non-owned and hired automobile insurance (\$1,000,000 combined single limit); and (k) student sport accident |

| Line of Coverage: | Limits: |
|---|---|
| | Medical Expense – each claim – to be excluded |
| Commercial Property Insurance (if applicable) | Covering business personal property and business income for one year of lost profit and continued business expenses, for full replacement cost of the Franchised Business's contents. |
| Worker's Compensation | $1,000,000 limit |
| Hired and Non-Owned Auto Liability (if applicable) | $1,000,000 per occurrence |
| Student/Participant Accident Policy | $25,000 limit |
| Employment Practices Liability Insurance (if you have employees) | • $1,000,000 per claim<br>• Wage & Hour sublimit no less than $100,000 per occurrence<br>• Coverage for 1st and 3rd party sexual harassment |
| Professional Liability (recommended but not required) | $1,000,000 per occurrence |
| Other coverage as we may require from time to time | |

You must purchase the required worker's compensation insurance, general liability insurance, property insurance, and employment practices insurance from our Designated Supplier(s). If we have not named a Designated Supplier (who may be Franchisor's Affiliate) or with respect to all other required insurance, in lieu of purchasing the insurance through our Designated Supplier as we may designate from time-to-time, you may purchase the insurance from insurance brokers and carriers that you select, subject to those brokers and carriers satisfying our Standards and minimum requirements. You must submit to us the information and documentation that we request in connection with your request for our consent to purchase insurance from any unapproved insurance broker or insurance carrier.

Each policy must include those terms and endorsements that we require, as specified in the Franchise Agreement and the Manual. We may designate periodically one or more Designated Suppliers for the required insurance, and you must use those Designated Suppliers, to the extent permitted by applicable law.

Franchisor shall have the right to establish and modify the minimum required coverages and to require different or additional kinds of insurance to reflect changes in the System or products and services offered to customers of Snapology Businesses, inflation, changes in standards of liability, higher damage awards, or other relevant changes in circumstances. All modifications to the insurance requirements will be communicated to you via the Manual. You shall receive written notice of any modifications to the insurance requirements and shall take prompt action to secure the additional coverage or higher policy limits. Nothing in this Agreement prevents or restricts you from acquiring and maintaining insurance with higher policy limits or lower deductibles than Franchisor requires.

**C. Insurance Policy Requirements.**

The following general requirements apply to each insurance policy you are required to maintain under this Agreement:

(1) Each insurance policy must be specifically endorsed to provide that the coverage must be primary, and that any insurance carried by any additional insured will be excess and non-contributory.

(2) Each insurance policy, except worker's compensation and professional liability coverages, must name Franchisor and its Affiliates, and their respective partners, officers, subsidiaries, shareholders, directors, regional directors, and employees as additional named insureds on a primary non-contributory basis on an Additional Insured Grantor of Franchise Endorsement per form CG2029 (or an endorsement form with comparable wording acceptable to Franchisor).

(3) No insurance policy may contain a provision that in any way limits or reduces coverage for you in the event of a claim by Franchisor or its Affiliates.

(4) Each insurance policy must extend to, and provide indemnity for, all of your obligations and liabilities to third parties and all other items for which you are required to indemnify Franchisor under this Agreement.

(5) Except for insurance provided through a Designated Supplier, all insurance policies must be written by a carrier who is licensed in the state in which the Franchised Business operates and with an A.M. Best rating of not less than A-VIII VIII ("excellent" and $100,000,000 to $250,000,000 in policy holder surplus) that is authorized to sell insurance in the state in which the Franchised Business is located.

(6) Except as otherwise provided herein, no insurance policy may provide for a deductible amount that exceeds $10,000, unless otherwise approved in writing by Franchisor, and your co-insurance under any insurance policy must be 80% or greater.

(7) Each policy must include an endorsement that it may not be modified or terminated without providing at least 30 days prior written notice to Franchisor.

(8) All insurance policies (except worker's compensation) must include a waiver of subrogation in favor of us and our affiliates, and each company's officers, directors, shareholders, partners, members, agents, representatives, independent contractors, servants, and employees, and must include a 30-day notice of cancellation directed to both you and to us or the person we designate.

**D. Delivery of Certificate.**

You must provide us with a certificate of insurance complying with the stated requirements no less than seven days before the Franchised Business is open to the public and 30 days prior to renewing your Franchise Agreement. Upon request, you also shall provide to Franchisor copies of all or any policies, and policy amendments, endorsements and riders.

**E. Minimum Insurance Requirements Not a Representation of Adequacy.**

You acknowledge that no requirement for insurance contained in the Agreement constitutes advice or a representation by Franchisor that only such policies, in such amounts, are necessary or adequate to protect you from losses regarding your business under this Agreement. You may choose to obtain additional policies or increase the limits from the minimum requirements in Section 16.B. Maintenance of this insurance, and the performance of your obligations under this Article 16, shall not relieve you of liability under the indemnification provisions of this Agreement.

## 17. TRANSFER

**A. Transfer by Franchisor.**

Franchisor shall have the unrestricted right, in its sole discretion and without your consent, to assign this Agreement and/or all of its rights and/or obligations hereunder in a related or third-party transaction, may sell any or all of its assets (including its rights in and to the Proprietary Marks and the System); may issue new shares through an initial public offering and/or private placement; may merge with and/or acquire other companies, or may merge into or be acquired by another company; and may pledge its assets to secure payment of its financial obligations.

**B. Franchisee Transfer of Agreement; Transfer of the Franchised Business; Transfer of Controlling Interest.**

You understand and acknowledge that Franchisor has entered into this Agreement in reliance on your business skill, financial capacity, personal character, experience, and demonstrated or purported ability in customer service operations. Accordingly, you may not sell or transfer your interest in this Agreement, your Controlling Interest, or the assets of the Franchised Business (except in the ordinary course of your business) without Franchisor's prior written consent. In addition, if you are a Business Entity, no Owner may transfer or assign all or any portion of his or her equity interest in the Business Entity without Franchisor's prior written consent. For purposes of this Section 17.B. the term "transfer" means and includes an actual assignment, sale, or transfer of a Controlling Interest, or a collateral assignment or pledge of the Controlling Interest as security for performance of an obligation.

You must notify Franchisor in writing at least 60 days prior to the date of any such intended transfer. Any purported transfer, by operation of law or otherwise, not having the written consent of Franchisor shall be null and void and shall constitute a material breach of this Agreement. Franchisor shall not unreasonably withhold its consent to any transfer, but may, in its sole discretion, require any or all of the following as conditions of its consent:

(1) All of your accrued monetary obligations and all other outstanding obligations to Franchisor and its Affiliates and your suppliers shall be up to date, fully paid, and satisfied;

(2) You must be in full compliance with this Agreement and any other agreements between you and Franchisor, its Affiliates, and your suppliers;

(3) You and each Owner shall have executed a then-current form of general release and a covenant not to sue, in a form satisfactory to Franchisor, of any and all claims against Franchisor and its Affiliates and their respective officers, directors, shareholders, agents, and employees in their corporate and individual capacities, including, without limitation, claims arising under federal, state, and local laws, rules, and ordinances; provided, however, that any release will not be inconsistent with any state statute regulating franchising;

(4) The transferee shall demonstrate to Franchisor's satisfaction that the transferee meets Franchisor's then-current Standards applicable to new Snapology franchisees, including but not limited to educational, managerial and business standards; possesses a good moral character, business reputation and credit rating; has the aptitude and ability to operate the Franchised Business; does not engage (or its affiliate do not engage) in a Competitive Business; and has sufficient equity capital to operate the Franchised Business (which condition shall be presumed if the transferee's net worth is equal to or exceeds your net worth at the time of transfer, excluding the value of the Franchised Business);

(5) The transferee shall sign Franchisor's then-current form of franchise agreement, for a term equal to the remaining term of this Agreement, and you shall pay to Franchisor the Transfer Fee in the amount set forth in Attachment A. The then-current form of franchise agreement may contain different fees, terms, and obligations than this Agreement. If the transferee is a Business Entity, then the transferee's Owners shall jointly and severally guarantee your obligations under this Agreement in writing in a form satisfactory to Franchisor. The transferee shall have the option, however, to purchase a longer term (not to exceed a total of five years) by paying an extended term fee ("Extended Term Fee"). The Extended Term Fee will be calculated as Franchisor's then-current initial franchise fee divided by the number of days included in the initial term of the then-current franchise agreement, multiplied by the number of days of additional term being purchased by the transferee;

(6) You agree to remain liable for all direct and indirect obligations to Franchisor in connection with the Franchised Business prior to the effective date of the transfer, and you and your Owners shall continue to remain responsible for your respective obligations of nondisclosure, noncompetition, and indemnification as provided elsewhere in this Agreement, and all other obligations that survive termination, expiration, or transfer and shall execute any and all instruments reasonably requested by Franchisor to further evidence such obligation;

(7) The transferee shall comply with Franchisor's initial training requirements and pay any applicable training fees;

(8) The transferee has satisfied all licensing and other requirements under governing local, state, and federal law;

(9) If the transferee or its Owners finance any part of the purchase price, you and the transferee agree before the transfer's proposed effective date that the transferee's obligations under promissory notes, agreements, or security interests reserved in the assets, the Franchised Business (including its physical structure), or ownership interests in the Franchisee are subordinate to the transferee's (and its Owners') obligation to pay Royalty Fees, Technology Fees, NAF Contributions, and other amounts due to the Franchisor and its Affiliates and otherwise to comply with the Agreement.

(10) You or the transferee must provide Franchisor with a copy of the agreements of purchase and sale between the transferor and the transferee. The economic terms of the transfer may not materially and adversely affect, in Franchisor's sole judgment, the post-transfer viability of the Franchised Business;

(11) If you elect to participate in Franchisor's resale program in connection with the transfer of the Franchised Business pursuant to the Section 17.B., you must comply with Franchisor's then-current resale program requirements, which may include the execution of Franchisor's then-current resale program agreement and payment of the then-current resale program fee; and

(12) Franchisor reserves the right to require transferee to conduct grand opening marketing upon closing of the transfer, which Franchisee and Owners shall communicate to transferee during initial communications of the proposed transfer. Such grand opening marketing expenditure shall be the same as Franchisor's requirements in the then-current Snapology franchise disclosure document disclosed to transferee. If transferee does not agree to conduct grand opening marketing upon closing of the transfer, Franchisor reserves the right to charge Franchisee and Owners the required grand opening marketing amount, payable upon closing of the transfer. This is a material condition of Franchisor's approval of the proposed transfer.

If you utilize any marketing material or any other materials prepared to market your Franchised Business for a transfer subject to this Section 17.B., you must submit a copy of such materials to Franchisor for review and approval prior to your utilization or disbursement to transferee candidates, even if such materials are prepared by your brokers and legal and financial advisors.

Franchisee acknowledges that Franchisor has legitimate reasons to evaluate the qualifications of potential transferees. Therefore, Franchisor's contact with potential transferees to protect its business interests will not constitute improper or unlawful conduct. Franchisee expressly authorizes Franchisor to investigate any potential transferee's qualifications, to review the proposed purchase terms, and to withhold its consent, even if the conditions in clauses (1) through (14) above are satisfied. Franchisee waives any claim that Franchisor's decision to withhold approval of a proposed transfer in order to protect its business interests—despite satisfaction of the conditions in clauses (1) through (14) above—constitutes tortious interference with contractual or business relationships or otherwise violates any law. Franchisor has the right, but not the obligation, to review all information regarding the Franchised Business that Franchisee gives the proposed transferee, correct any information Franchisor believes is inaccurate, and give the proposed transferee copies of any reports Franchisee has given Franchisor or Franchisor has made regarding the Franchised Business.

**C. Franchisee Transfer Among Owners; Transfer of Non-Controlling Interest.**

If you are a Business Entity, your Owners may transfer their ownership interests in the Business Entity among each other, and may transfer up to a Non-Controlling Interest in the Business Entity to one or more approved third parties, if:

(1) you have provided to Franchisor advance notice of the transfer and have obtained Franchisor's approval of any new owners;

(2) Attachment C has been amended to reflect the new ownership, and each Owner has signed the Confidentiality and Non-Competition Agreement in the form of Attachment E;

(3) each new Owner who holds greater than 10% ownership interest in you has signed an Undertaking and Guaranty in the form of Attachment D;

(4) each previous and/or new owners have signed a general release in favor of Franchisor and in the form Franchisor requires; and

(5) you pay to Franchisor a Transfer Fee in the amount set forth in Attachment A.

Transfers under this Section 17.C. are limited to once per rolling 12-month period. Otherwise, any transfers under this subsection shall be subject to a Transfer Fee of 25% of the then-current initial franchise fee. For purposes of this Section 17.C. and the Transfer Fee only, "Non-Controlling Interest" shall mean 20% or less of the total outstanding units or assets in the Franchised Business; provided, however, if multiple transfers of Non-Controlling Interest results in a transfer of Controlling Interest, then such transfers of Non-Controlling Interest shall be subject to Section 17.B. above.

**D. Franchisee Transfer to Business Entity for Convenience.**

You may transfer your interest in this Agreement to a Business Entity for convenience of operation by signing Franchisor's standard form of assignment and assumption agreement if:

(1) the Business Entity is formed solely for purposes of operating the Franchised Business;

(2) you provide to Franchisor a copy of the Business Entity's formation and governing documents (company/operating agreement, by laws, etc.), and a certificate of good standing from the jurisdiction under which the Business Entity was formed;

(3) you sign a general release in favor of Franchisor and in the form that Franchisor requires; and

(4) you pay to Franchisor a Transfer Fee in the amount set forth in Attachment A.

**E. Security Interest.**

Any security interest that may be created in this Agreement by virtue of Section 9-408 of the Uniform Commercial Code is limited as described in Section 9-408(d) of the Uniform Commercial Code. Any such security interest may only attach to an interest in the proceeds of the operation of the Franchised Business and may not entitle or permit the secured party to take possession of or operate the Franchised Business or to transfer your interest in the franchise without Franchisor's consent.

**F. Public and Private Offerings.**

If you are a Business Entity and you intend to issue equity interests pursuant to a public or private offering, you shall first obtain Franchisor's written consent, which consent shall not be unreasonably withheld. You must provide to Franchisor for its review a copy of all offering materials (whether or not such materials are required by applicable securities laws) at least 60 days prior to such documents being filed with any government agency or distributed to investors. No offering shall imply (by use of the Proprietary Marks or otherwise) that Franchisor is participating in an underwriting, issuance, or offering of your securities, and Franchisor's review of any offering shall be limited to ensuring compliance with the terms of this Agreement. Franchisor may condition its approval on satisfaction of any or all conditions set forth in Section 17.B. and on execution of an indemnity agreement, in a form prescribed by Franchisor, by you and any other participants in the offering. For each proposed offering, you shall reimburse Franchisor and its Affiliates for the actual costs and expenses it incurs (including, without limitation, attorneys' fees and accountants' fees) in connection with reviewing the proposed offering.

**G. Right of First Refusal.**

If you receive a bona fide offer to purchase your interest in this Agreement or all or substantially all of the assets of the Franchised Business, or if any Owner receives a bona fide offer to purchase his or her Controlling Interest in you, and you or such Owner wishes to accept such offer, you or the Owner must deliver to Franchisor written notification of the offer and, except as otherwise provided herein, Franchisor shall have the right and option, exercisable within 30 days after receipt of such written notification, to purchase the seller's interest on the same terms and conditions offered by the third party. If the bona fide offer provides for the exchange of assets other than cash or cash equivalents, the bona fide offer shall include the fair market value of the assets (as defined herein) and you shall submit with the notice an appraisal prepared by a qualified independent third party evidencing the fair market value of such assets as of the date of the offer. Any material change in the terms of any offer prior to closing shall constitute a new offer subject to the same right of first refusal by Franchisor as in the case of an initial offer. If Franchisor elects to purchase the seller's interest, closing on such purchase must occur by the later of: (1) the closing date specified in the third-party offer; or (2) within 60 days from the date of notice to the seller of Franchisor's election to purchase. Franchisor failure to exercise the option described in this Section 17.G. shall not constitute a waiver of any of the transfer conditions set forth in this Article 17.

**H. Transfer Upon Death or Incapacitation.**

If any Owner dies or becomes incapacitated (mental or physical), Franchisor shall consent to the transfer of the former Owner's interest in this Agreement or equity interest in the Franchisee (as applicable) to his or her spouse or heirs, whether such transfer is made by will or by operation of law, if, in Franchisor's sole discretion and judgment, the transferee meets Franchisor's educational, managerial and business standards; possesses a good moral character, business reputation and credit rating; has the aptitude and ability to conduct the Franchised Business herein, including attending Franchisor's training; has at least the same managerial and financial criteria required by new franchisees; and has sufficient equity capital to operate the Franchised Business. If said transfer is not approved by Franchisor, the executor, administrator, or personal representative of such person shall transfer the former Owner's interest to a third-party approved by Franchisor within six months after such death, mental incapacity, or disability. Such transfer shall be subject to Franchisor's right of first refusal and to the same conditions as any *inter vivos* transfer.

**I. Transfer to Employee Stock Ownership Plan ("ESOP")**

Upon Franchisor's prior written consent, Franchisee may transfer a minority equity interest to an employee stock ownership plan ("ESOP") pursuant to Sections 17.C., or 17.D. provided that the ESOP satisfy the following criteria:

(1) the ESOP may transfer to employees no more than twenty percent (20%) of the Franchisee's outstanding ownership interests;

(2) the Franchisee must identify for the Franchisor, in advance, the employees who will receive an ownership interest in the Franchisee through the ESOP;

(3) employees receiving an ownership interest in the Franchisee through the ESOP must sign a confidentiality and non-solicitation agreement at least as restrictive as the confidentiality and non-solicitation restrictions in the Confidentiality and Non-Competition Agreement attached hereto as Attachment E;

(4) an employee may not at any time transfer his or her ownership interest in the Franchisee except to the Franchisee;

(5) an employee must relinquish his or her ownership interest in the Franchisee upon the termination of his or her employment with the Franchisee;

(6) transfers of ownership interests in the Franchisee through an ESOP may not result in the transfer of a controlling ownership interest in the Franchisee; and

(7) at least one Owner, who is a Person who has more than 10% ownership interest in the Franchisee, is required to sign Franchisor's then-current Undertaking and Guaranty. At all times, the ESOP must contain at least one Franchisor- approved Owner (who is a Person who has more than 10% ownership interest in the Franchisee) guarantying Franchisee's obligations under the Franchise Agreement.

**J. Non-Waiver of Claims.**

Franchisor's consent to a Transfer shall not constitute a waiver of any claims it may have against the transferring party, and it will not be deemed a waiver of Franchisor's right to demand strict compliance with any of the terms of this Agreement, or any other agreement to which Franchisor and the transferee are parties, by the transferee.

**K. No Transfers in Violation of Law.**

Notwithstanding anything to the contrary in this Agreement, no transfer shall be made if the transferee, any of its affiliates, or the funding sources for either is a person or entity designated with whom Franchisor, or any of its affiliates, are prohibited by law from transacting business.

**18. DEFAULT AND TERMINATION**

**A. Automatic Termination.**

This Agreement will terminate automatically, without notice and without an opportunity to cure, if you become insolvent or make a general assignment for the benefit of creditors; if a petition in bankruptcy is filed by you or such a petition is filed against you and you do not oppose it; if you are adjudicated bankrupt or insolvent; if a bill in equity or other proceeding for the appointment of a receiver or other custodian (permanent or temporary) for you or your business assets, or any part thereof, is filed against you; if any court of competent jurisdiction appoints a receiver or other custodian (permanent or temporary) for you or your business assets, or any part thereof; if proceedings for a composition with creditors under any state or federal law is instituted by or against you; if a final judgment is entered against you and remains unsatisfied or of record for 30 days or longer, unless a *supersedeas* bond is filed; if you are dissolved, voluntarily or involuntarily; if execution is levied against any assets of you or the Franchised Business; if any proceedings to foreclose any lien or mortgage against you, the Franchised Business, or the assets, equipment, or premises of any of the same, is instituted and not dismissed within 30 days; or if the real or personal property of you, the Franchised Business is sold after levy thereupon by any sheriff, marshal, constable, or other authorized law enforcement personnel.

**B. Termination without Opportunity to Cure.**

Franchisor may terminate this Agreement, by delivering to you written notice of termination, upon the occurrence of any of the following events of default:

(1) Your abandonment of the Franchised Business (for purposes of this provision "abandonment" will be deemed to occur if you fail to operate the Franchised Business on three or more consecutive days or if you otherwise convey an intention to close the Franchised Business);

(2) The making of any false or materially misleading representations in your franchise application or during the franchise application process;

(3) You or any of your Owners or Affiliates is or has been indicted or held liable for or convicted by a court of law, pleads or has pleaded no contest to, a felony, indictable offense or other unlawful act, engages in any dishonest or unethical conduct or otherwise engages in any conduct which Franchisor believes will materially and adversely affect the reputation of the Brand, the SNAPOLOGY franchise system, any other Snapology Business, or the goodwill associated with the Proprietary Marks;

(4) Violation of any governing law or revocation or suspension of any necessary license or certification, in whole or in part;

(5) Violation of any confidentiality or non-compete obligations, as described in Article 14, by you or any Owner;

(6) You knowingly maintain false books or records or submit any false reports or statements to Franchisor;

(7) The Franchised Business fails two consecutive quality assurance inspections during any rolling 12-month period or fails three quality assurance inspections during any rolling 24-month period;

(8) Termination for cause of any agreement between Franchisor and you or your Affiliate, including but not limited to any franchise agreement or area development agreement;

(9) Delivery of three or more notices of default during any rolling 24-month period, whether or not the event(s) of default described in such notices ultimately are cured;

(10) Transfer or attempted transfer in violation of Article 17 of this Agreement;

(11) If an imminent threat or danger to public health or safety results from the operation of the Franchised Business;

(12) Failure to follow Franchisor's instructions or protocol upon a Crisis Management Event;

(13) Utilizing unapproved non-cash payment systems in the Franchised Business;

(14) Accepting or processing non-U.S. currency for products and services offered by the Franchised Business, including but not limited to cryptocurrency; or

(15) If Franchisee breaches any material provision of this Agreement which breach is not susceptible to cure.

**C. Termination with Opportunity to Cure.**

Franchisor may terminate this Agreement, by delivery of written notice of default, upon the occurrence of any of the following events of default and your failure to take appropriate corrective action during the applicable cure period:

(1) You do not obtain or maintain all insurance coverage required under Section 16.B., and you fail to cure within five (5) days after delivery of written notice of default;

(2) The Designated Manager or Owners of the Franchised Business do not successfully complete initial training, in our sole judgment, and you fail to cure within ten (10) days after delivery of written notice of default;

(3) You fail to commence operation of your Franchised Business by the Opening Date in accordance with Section 5.A. and fail to cure within ten days after delivery of written notice of default;

(4) You or your Affiliate fails to pay any monies owed to Franchisor, its Affiliates or your trade creditors when due and fail to cure within ten days after delivery of written notice of default. Any notice period required under applicable state statutes shall begin upon Franchisor's first written notice to Franchisee of failure to pay any monies owed to Franchisor or its Affiliates;

(5) You, directly or indirectly, revoke your participation in Franchisor's then-current electronic funds transfer program, in violation of Section 6.G.;

(6) You misuse the Proprietary Marks or the Intellectual Property, including without limitation by offering and selling unauthorized products or services under or in conjunction with the Proprietary Marks or Intellectual Property, and fail to correct the misuse within five days after delivery of written notice of default;

(7) You infringe on the rights of third-parties, including unauthorized use of third-party trademarks, service marks, patents, copyrights, and all other intellectual property, and fail to cure immediately after Franchisor's written or verbal notice, depending on the severity of such infringement;

(8) The Franchised Business is cited for violation of health, sanitation, or safety laws or regulations, and fails to cure the violation within five days after the date the citation is issued;

(9) You purchase or use items for which Franchisor has identified Designated Suppliers from an unapproved source and fail to cure within the cure period specified in writing by Franchisor;

(10) You purchase, use, or sell items not approved by the Franchisor and fail to cure within the cure period specified in writing by Franchisor;

(11) You are not in compliance with federal, state, or local laws, including but not limited to employment, environmental, occupancy, or other laws that affect the day-to-day operations of your Franchised Business or fail to cure upon Franchisor's demand;

(12) You fail to meet the Minimum Event Requirements and fail to cure within 30 days' written notice;

(13) You fail to operate the Franchised Business during such days and hours specified in the Manuals and fail to cure upon Franchisor's demand;

(14) You fail to produce within 10 calendar days books, records, and other accounts of the Franchised Business, federal, state, and local tax returns, sales tax returns, and such other forms, reports, information, and data that Franchisor requests for an audit pursuant to Section 7.D. and do not cure such default within (5) calendar days, or otherwise refuse to permit Franchisor to inspect the books, records, or accounts of the Franchised Business and fail to cure upon Franchisor's demand;

(15) You fail to rectify any violation of the brand Standards or requirements in the Manual within the required period, not to exceed 10 calendar days, as submitted to you by Franchisor in writing. This includes, but is not limited to, failure to meet Franchisor's standards for cleanliness and safety of the premises of the Franchised Business, failure to repair or replace supplies required to operate the Franchised Business, failure to ensure safety of customers of the Franchised business, and other failures that impact operation of the Franchised Business, in Franchisor's sole discretion;

(16) You engage in direct marketing activities or any other advertising in another Snapology franchisee's protected area, whether indirectly or directly, and fail to cease such disallowed marketing immediately upon notice from Franchisor; or

(17) You fail to comply with any provision of this Agreement (except as otherwise provided in Section 18.A and Section 18.B and this Section 18.C) and fail to take appropriate corrective action within 30 days after delivery of Franchisor's written notice of default.

During any period of default, Franchisor reserves the right to (1) prohibit you from attending any meetings, seminars, conferences, or other events sponsored by Franchisor; (2) prohibit you from serving on the board of any Franchisor organization, or otherwise participate in leadership of such organizations; (3) suspend your access to the Call Center, the franchisee portal/dashboard, point-of-sale system, and any technology systems we or our Affiliates provide to you; (4) suspend services provided to you by us or our Affiliates under this Agreement, including but not limited to inspections, training, marketing assistance, and the sale of products and supplies; (5) remove the listing of the Franchised Business from all advertising published or approved by Franchisor; (6) cease listing the Franchised Business on Websites and social media, and to discontinue any links to any site or page for the Franchised Business; (7) require you to temporarily close the Franchised Business until such defaults are cured; and (8) contact Franchisee's landlords, lenders, suppliers, customers, and others with whom it has entered into agreements about the status of Franchisee's operations and provide copies of any default or other notices to Franchisee's landlords, lenders, suppliers, and others with whom it has entered into agreements.

**D. Other Remedies.**

During any period of default, Franchisor reserves the right to 1) prohibit you from attending any meetings, seminars, conferences, or other events sponsored by Franchisor, 2) prohibit you from serving on the board of any Franchisor organization, or otherwise participate in leadership of such organizations, 3) suspend your access to the Call Center, the franchisee portal/dashboard, and any technology systems we provide to you; 4) suspend services provided to you by us or our Affiliates under this Agreement, including but not limited to inspections, training, marketing assistance, and the sale of products and supplies; 5) remove the listing of the Franchised Business from all advertising published or approved by Franchisor; 6) cease listing the Franchised Business on Websites and social media, and to discontinue any links to any site or page for the Franchised Business; and 7) contact Franchisee's lenders, suppliers, and others with whom it has entered into agreements about the status of Franchisee's operations and provide copies of any default or other notices to Franchisee's landlords, lenders, suppliers, and others with whom it has entered into agreements.

In addition to its termination rights, Franchisor shall have the right to require the Franchised Business, or a portion thereof, close during any period in which (1) it is in violation of applicable health, sanitation, or safety laws or regulations; (2) Franchisor determines, in its sole discretion, that continued operation of the Franchised Business poses a risk to public health or safety; or (3) you fail to maintain the required insurance policies to operate your Franchised Business. We will have the right to take the actions set out below and continue them until you have cured the default to our satisfaction. The taking of any of the actions permitted in this Section 18.D. will not suspend or release you from any obligation that would otherwise be owed to us or our Affiliates under the terms of this Agreement. We may:

(1) Remove the listing of the Franchised Business from all advertising published or approved by us, including but not limited to online directories, forums, social media, and indexing websites;

(2) Prohibit you from attending any meetings or seminars held or sponsored by us or taking place on our premises;

(3) Suspend access to the call center, the franchisee portal, and any technology systems we provide to you; and/or

(4) Suspend services provided to you by us or our Affiliates under this Agreement, including but not limited to inspections, training, marketing assistance, delivery of the point-of-sale system, and the sale of products and supplies.

If Franchisor has the right to terminate the Agreement pursuant to Sections 18.B. or 18.C., in lieu of exercising its termination rights, Franchisor may forbear termination of this Agreement while Franchisee attempts to transfer the Franchised Business pursuant to Section 17.B., which may include requiring you to list your Franchised Business for sale with a third-party service provider of your choice or enter Franchisor's resale program by signing our then-current resale participation agreement. If you choose to enter Franchisor's resale program, you may be required to pay Franchisor or its designated Affiliate the then-current resale program fee to assist you in identifying buyers for transfer off your Franchised Business, which is in addition to the Transfer Fee.

**E. Step-In Rights.**

To prevent any interruption of business of the Franchised Business and any injury to the goodwill and reputation thereof which may be caused thereby, you hereby authorize Franchisor, and Franchisor shall have the right, but not the obligation, to operate the Franchised Business for as long as Franchisor deems necessary and practical, and without waiver of any other rights or remedies Franchisor, may have under this Agreement, if you are in default of your obligations under this Agreement. Franchisor will not be liable to you for any debts, losses or obligations that the Franchised Business incurs, or to any creditors for any supplies or other products or services purchased for the Franchised Business, in connection with such management. Franchisor or its designee may assume the Franchised Business' management under the following circumstances: (a) if you abandon or fail to actively operate the Franchised Business for any period; or (b) we provide you with a notice of your violation of this Agreement, within the applicable cure period (if any) pursuant to the applicable provision in Sections 18.B. and 18.C. Our exercise of our rights under this Section will not affect our right to terminate this Agreement. **YOU SHALL INDEMNIFY AND HOLD FRANCHISOR HARMLESS FROM ANY AND ALL CLAIMS ARISING FROM THE ALLEGED ACTS AND OMISSIONS OF FRANCHISOR AND ITS REPRESENTATIVES IN ACCORDANCE WITH THE INDEMNIFICATION PROCEDURES SET FORTH IN SECTION 20.B.**

**F. Liquidated Damages.**

Franchisee acknowledges and confirms that Franchisor will suffer substantial damages as a result of the termination of this Agreement before the Initial Term expires. Some of those damages include lost Royalty Fees, NAF Contributions, and other fees, lost market penetration and goodwill, loss of Snapology representation in the Franchisee's Protected Area, confusion of individual customers, lost opportunity costs, and expenses that Franchisor will incur in developing or finding another franchisee to develop another Snapology franchise in the Protected Area (collectively, "Brand Damages"). Franchisor and Franchisee acknowledge that Brand Damages are difficult to estimate accurately and proof of Brand Damages would be burdensome and costly, although such damages are real and meaningful to Franchisor.

Therefore, upon termination of this Agreement for any reason (subject to this Article 18), Franchisee shall pay Franchisor the Liquidated Damages within fifteen (15) days after Franchisor's service of written notice terminating this Agreement. As used herein, "Liquidated Damages" shall mean the product of (i) the Royalty Fee or the Minimum Royalty Fee (whichever is greater) multiplied by Franchisee's Gross Sales during the entire previous twelve (12) full calendar months and (ii) the lesser of (a) three years or (b) the number of years remaining in the Initial Term.

Franchisee agrees that the liquidated damages calculated under this Section 18.F. represent the best estimate of Franchisor's Brand Damages arising from any termination of this Agreement before the Initial Term expires. Franchisee's payment of the liquidated damages to Franchisor will not be considered a penalty but, rather, a reasonable estimate of fair compensation to Franchisor for the Brand Damages Franchisor will incur because this Agreement did not continue for the Initial Term's full length.

Franchisee acknowledges that Franchisee's payment of liquidated damages is full compensation to Franchisor only for the Brand Damages resulting from the early termination of this Agreement and is in addition to, and not in lieu of, Franchisee's obligations to pay other amounts due to Franchisor under this Agreement as of the date of termination and to comply strictly with the de-identification procedures of Article 19 and Franchisee's other post-termination obligations.

If any valid law or regulation governing this Agreement limits Franchisee's obligation to pay, and/or Franchisor's right to receive, the liquidated damages for which Franchisee is obligated under this Section 18.F., then Franchisee shall be liable to Franchisor for any and all Brand Damages Franchisor incurs, now or in the future, as a result of Franchisee's breach of this Agreement.

**G. Right of Set Off.**

If an event of default occurs hereunder or under any other agreement between Franchisor and you or your affiliates, subsidiaries, or Owners, then Franchisor is hereby authorized at any time and from time to time without notice and to the fullest extent permitted by law, to set off and apply any and all sums at any time held or received by Franchisor, including, but not limited to, disbursements of Membership Program revenues, against any of and all obligations of Franchisee now or hereafter existing under this Agreement or any other agreement between Franchisor and you or your affiliates, subsidiaries, or Owners, irrespective of whether or not Franchisor shall have made any demand under this Agreement or such other agreements.

**H. Cross-Default.**

Any default under any agreement between you (or any Owner) and Franchisor or its Affiliates (including but not limited to any development agreement, or any other franchise agreement, including with Affiliates), and failure to cure within any applicable cure period, shall be considered a default under this Agreement and shall provide an independent basis for immediate termination of this Agreement, without an opportunity to cure, with or without notice, upon Franchisor's sole discretion.

## 19. OBLIGATIONS UPON EXPIRATION OR TERMINATION

**A. Expiration or Termination of Franchise.**

Upon termination or expiration of this Agreement, you shall have no further right to use the Proprietary Marks, Intellectual Property or other intellectual property owned and licensed to you by Franchisor. You may no longer hold yourself out as a Snapology franchisee, and you shall refrain from representing any present or former affiliation with Franchisor or the network of Snapology businesses. You shall immediately pay all sums due and owing to Franchisor and its Affiliates. Upon termination or expiration of this Agreement, you shall immediately:

(1) Cease to operate the Franchised Business because you have no further right to use the Proprietary Marks, Intellectual Property or other intellectual property owned and licensed to you by Franchisor. You may no longer hold yourself out as a Snapology franchisee, and you shall refrain from representing any present or former affiliation with Franchisor or the network of Snapology Businesses.

(2) Pay all sums due and owing to Franchisor and its Affiliates;

(3) Take all actions necessary to cancel any assumed or fictitious name containing the Proprietary Marks and shall do all things necessary to transfer to Franchisor or its designee the Franchised Business' telephone number(s). You hereby grant to Franchisor and its representatives, power of attorney for the specific purpose of executing all documents and doing all things necessary to effect such cancellations and transfers;

(4) Surrender to Franchisor all copies of all materials in your possession including the Manual, all Confidential Information and all other documentation relating to the operation of the Franchised Business in your possession, and all copies thereof, and shall retain no copy or record of any of the foregoing, excepting only your copy of this Agreement, any correspondence between the parties and any other documents which you reasonably need for compliance with any provision of law;

(5) Refund to customers any membership fees and other fees paid but not redeemed;

(6) Pay any outstanding invoices and other money owed to trade creditors, vendors, suppliers, and the landlord of the premises of the Franchised Business; and

(7) Comply with all post-termination covenants in Article 14.

In addition to any procedures required by applicable laws and any instructions that we may provide, upon our request, you will cooperate with us in notifying all customers and members of your Franchised Business immediately that your Franchised Business will cease to operate under the Proprietary Marks. We may offer to such customers and members the option to terminate their membership and receive a pro rata refund of all membership fees and other charges which were prepaid by such members related to any period after the effective date of termination or expiration of this Agreement. You are solely responsible for paying such refunds to your members and customers, and we will deduct all such refunds from the amounts to be disbursed to you for the Membership Program revenues of your Franchised Business. You shall further cooperate with us to preserve member goodwill.

**B. Compliance with Post Term Obligations.**

You and each Owner shall comply with all covenants and obligations which, by their nature, survive termination of this Agreement including, without limitation, the confidentiality obligations and restrictive covenants set forth and described in Article 14 of this Agreement and the indemnification obligations set forth and described in Section 20.B. of this Agreement.

**20. INDEPENDENT CONTRACTOR AND INDEMNIFICATION.**

**A. Independent Contractor.**

The parties acknowledge and agree that this Agreement does not create a fiduciary relationship between them, that you will operate the Franchised Business as an independent contractor, we and you do not intend to be partners, associates, joint venturer, employee, employer, agents, or joint employers in any way, we shall not be construed to be jointly liable for any of your acts or omissions under any circumstances, and that nothing in this Agreement shall be construed to create a partnership, joint venture, agency, employment, fiduciary relationship, master-servant relationship, or legal relationship of any kind. Franchisor shall have no relationship with your employees and you have no relationship with Franchisor's employees.

None of your employees will be considered employees of Franchisor or its Affiliates. Neither you nor any of your employees whose compensation you pay may in any way, directly or indirectly, expressly or by implication, be construed to be an employee of Franchisor or its Affiliates for any purpose, including with respect to any mandated or other insurance coverage, tax or contributions, or requirements pertaining to withholdings, levied or fixed by any city, state, or federal governmental agency. Neither Franchisor nor its Affiliates will have the power to hire or fire your employees. We have no right or duty to supervise, manage, control or direct your employees in the course of their employment for you. You expressly agree, and will never contend otherwise, that Franchisor's authority under this Agreement to certify certain of your employees for qualification to perform certain functions for your Franchised Business does not directly or indirectly vest in Franchisor or its Affiliates the power to hire, fire, or control any such employee. You further acknowledge and agree, and will never contend otherwise, that you alone will exercise day-to-day control over all operations, activities, and elements of your Franchised Business and that under no circumstance shall Franchisor or its Affiliates do so or be deemed to do so. You further acknowledge and agree, and will never contend otherwise, that the various requirements, restrictions, prohibitions, specifications, and procedures of System which you are required to comply with under this Agreement, whether set forth in the Manual or otherwise, do not directly or indirectly constitute, suggest, infer, or imply that Franchisor or its Affiliates controls any aspect or element of the day-to-day operations of your Franchised Business, which you alone control, but constitute only standards to which you must adhere when exercising your control of the day-to-day operations of your Franchised Business. You are solely responsible for all terms and conditions of employment of your employees.

Except as otherwise expressly authorized by this Agreement, neither party hereto will make any express or implied agreements, warranties, guarantees, or representations or incur any debt in the name of or on behalf of the other party, or represent that the relationship between Franchisor and you are other than that of franchisor and franchisee. Franchisor does not assume any liability, and will not be deemed liable, for any agreements, representations, or warranties made by you which are not expressly authorized under this Agreement, nor will Franchisor be obligated for any damages to any person or property which directly or indirectly arise from or relate to the operation of the Franchised Business.

During the term of this Agreement, you shall identify yourself as the owner of the Franchised Business operating under a franchise granted by Franchisor, and shall apply for all permits, certificates of occupancy, and business licenses in your own name. Additionally, your individual name (if you are an individual) or your corporate name (if you are a Business Entity) must appear prominently on all invoices, order forms, receipts, business stationery, and contracts. You shall not use the Proprietary Marks to incur or secure any obligation or indebtedness on behalf of Franchisor. You shall display at the Franchised Business, in a conspicuous location, a form of notice approved by Franchisor, stating that you are an independent franchised operator of the business.

**B. INDEMNIFICATION.**

**YOU SHALL DEFEND AT YOUR OWN COST AND INDEMNIFY AND HOLD HARMLESS TO THE FULLEST EXTENT PERMITTED BY LAW, FRANCHISOR AND ITS AFFILIATES, AND THEIR RESPECTIVE SUBSIDIARIES, DIRECTORS, OFFICERS, EMPLOYEES, AGENTS, SHAREHOLDERS, DESIGNEES, AND REPRESENTATIVES (COLLECTIVELY, THE "FRANCHISOR INDEMNITEES") FROM ALL LOSSES AND EXPENSES INCURRED IN CONNECTION WITH ANY ACTION, SUIT, PROCEEDING, CLAIM, CAUSE OF ACTION, DEMAND, INVESTIGATION, OR FORMAL OR INFORMAL INQUIRY (REGARDLESS OF WHETHER ANY OF THE FOREGOING IS REDUCED TO JUDGMENT), OR ANY SETTLEMENT OF THE FOREGOING, WHICH ACTUALLY OR ALLEGEDLY, DIRECTLY OR INDIRECTLY, ARISES OUT OF, IS BASED UPON, IS A RESULT OF, OR IS IN ANY WAY RELATED TO ANY OF THE FOLLOWING: (1) ANY ACTUAL OR ALLEGED INFRINGEMENT OR ANY OTHER ACTUAL OR ALLEGED VIOLATION OF ANY PATENT, TRADEMARK, COPYRIGHT, OR OTHER PROPRIETARY RIGHT OWNED OR CONTROLLED BY THIRD PARTIES BY YOU OR THE FRANCHISED BUSINESS OR ANY OF YOUR OR ITS RESPECTIVE OWNERS, OFFICERS, DIRECTORS, MANAGEMENT PERSONNEL, EMPLOYEES, AGENTS, SERVANTS, CONTRACTORS, SUBCONTRACTORS, PARTNERS, PROPRIETORS, AFFILIATES OR REPRESENTATIVES, OR ANY THIRD PARTY ACTING ON BEHALF OF OR AT THE DIRECTION OF SUCH PERSONS OR ENTITIES, WHETHER IN CONNECTION WITH THE FRANCHISED BUSINESS**

**OR OTHERWISE (COLLECTIVELY, THE "FRANCHISEE INDEMNITORS"); (2) ANY ACTUAL OR ALLEGED VIOLATION OR BREACH OF ANY CONTRACT, FEDERAL, STATE, OR LOCAL LAW, REGULATION, RULING, STANDARD, OR DIRECTIVE OF ANY INDUSTRY STANDARD BY YOU OR ANY OF THE OTHER FRANCHISEE INDEMNITORS; (3) ANY ACTUAL OR ALLEGED LIBEL, SLANDER, OR ANY OTHER FORM OF DEFAMATION BY YOU OR ANY OF THE OTHER FRANCHISEE INDEMNITORS; (4) ANY ACTUAL OR ALLEGED VIOLATION OR BREACH OF ANY WARRANTY, REPRESENTATION, AGREEMENT, OR OBLIGATION IN THIS AGREEMENT BY YOU OR ANY OF THE OTHER FRANCHISEE INDEMNITORS; (5) ANY AND ALL ACTS, ERRORS, OR OMISSIONS ENGAGED IN BY YOU OR ANY OF THE OTHER FRANCHISEE INDEMNITORS, ARISING OUT OF OR RELATED TO THE OPERATION OF THE FRANCHISED BUSINESS, WHETHER ANY OF THE FOREGOING WAS APPROVED BY FRANCHISOR, INCLUDING, BUT NOT LIMITED TO, ANY PERSONAL INJURY, DEATH, OR PROPERTY DAMAGE SUFFERED OR CAUSED BY ANY CUSTOMER, VISITOR, OPERATOR, EMPLOYEE, OR GUEST OF THE FRANCHISED BUSINESS; (6) ANY PERSONAL INJURY, DEATH, OR PROPERTY DAMAGE SUFFERED OR CAUSED BY YOU OR ANY OF THE OTHER FRANCHISEE INDEMNITORS; (7) ALL LIABILITIES ARISING FROM OR RELATED TO YOUR MARKETING, ADVERTISING, PROMOTION, OFFER, SALE, OR DELIVERY OF PRODUCTS OR SERVICES AS CONTEMPLATED BY THIS AGREEMENT; (8) ANY AND ALL LATENT OR OTHER DEFECTS IN THE FRANCHISED BUSINESS, WHETHER OR NOT DISCOVERABLE BY FRANCHISOR OR YOU; (9) THE INACCURACY OR LACK OF AUTHENTICITY OF ANY INFORMATION DISCLOSED TO ANY CUSTOMER OF THE FRANCHISED BUSINESS; (10) CRIMES COMMITTED ON OR NEAR ANY OF THE PREMISES OR FACILITIES OR VEHICLES USED BY YOUR FRANCHISED BUSINESS; (11) ANY SERVICES OR PRODUCTS PROVIDED BY ANY AFFILIATED OR NONAFFILIATED ENTITY FOR THE FRANCHISED BUSINESS; (12) ANY ACTION BY ANY CUSTOMER, VISITOR, OPERATOR, EMPLOYEE, OR GUEST OF THE FRANCHISED BUSINESS OR ANY OTHER FACILITY OF YOUR FRANCHISED BUSINESS; (13) ANY AND ALL ACTS, ERRORS, OR OMISSIONS ENGAGED IN BY YOU OR ANY OF THE OTHER FRANCHISEE INDEMNITORS, ARISING OUT OF OR RELATED TO ANY DISCRIMINATION, HARASSMENT, DISABILITY, HOUR AND WAGE CLAIMS, OR OTHER EMPLOYMENT PRACTICES IN ANY WAY RELATED TO THE OPERATION OF THE FRANCHISED BUSINESS, WHETHER ANY OF THE FOREGOING WAS APPROVED BY FRANCHISOR, (14) ANY AND ALL CLAIMS RELATED TO YOUR NONCOMPLIANCE OR ALLEGED NONCOMPLIANCE WITH ANY LAW, ORDINANCE, RULE OR REGULATION, INCLUDING ANY ALLEGATION THAT WE ARE A JOINT EMPLOYER OR OTHERWISE RESPONSIBLE FOR YOUR ACTS OR OMISSIONS RELATING TO YOUR EMPLOYEES, (15) ANY DAMAGE TO THE PROPERTY OF YOU OR FRANCHISOR, YOUR AND OUR RESPECTIVE AGENTS, OR EMPLOYEES, OR ANY THIRD PERSON, FIRM, OR CORPORATION, WHETHER OR NOT SUCH LOSSES, CLAIMS, COSTS, EXPENSES, DAMAGES, OR LIABILITIES WERE ACTUALLY OR ALLEGEDLY CAUSED WHOLLY OR IN PART THROUGH THE ACTIVE OR PASSIVE NEGLIGENCE OF FRANCHISOR OR ANY OF ITS AGENTS OR EMPLOYEES, OR RESULTED FROM ANY STRICT LIABILITY IMPOSED ON FRANCHISOR OR ANY OF ITS AGENTS OR EMPLOYEES.**

**THE INDEMNIFICATION REQUIRED UNDER THIS SECTION 20.B SHALL APPLY TO ALL CLAIMS, INCLUDING THOSE THAT ARISE, OR ARE ALLEGED TO ARISE, AS A RESULT OF FRANCHISOR'S OWN NEGLIGENCE OR GROSS NEGLIGENCE, IF ANY, REGARDLESS OF WHETHER FRANCHISOR'S NEGLIGENCE OR GROSS NEGLIGENCE IS ALLEGED TO BE THE SOLE, CONTRIBUTING, OR CONCURRING CAUSE OF SUCH ALLEGED DAMAGES THAT MIGHT BE ASSERTED.**

For purposes of this Agreement, the term "Losses and Expenses" means, without limitation, all claims, losses, liabilities, costs, and expenses including compensatory, exemplary, incidental, consequential, statutory, or punitive damages or liabilities; fines, penalties, charges, expenses, lost profits, attorneys' fees, expert fees, costs of investigation, court costs, settlement amounts, judgments, compensation for damages to Franchisor's reputation and goodwill, costs of or resulting from delays, and financing; travel, food, lodging, and other expenses necessitated by Franchisor's need or desire to appear before, or witness the proceedings of, courts or tribunals (including arbitration tribunals), or governmental or quasi-governmental entities, including those incurred by Franchisor's attorneys or experts to attend any of the same; costs of advertising material and media/time/space, and costs of changing, substituting, or replacing the same; and any and all expenses of recall, refunds, compensation, public notices, and all other amounts incurred by Franchisor in connection with the matters described above. All such Losses and Expenses incurred by Franchisor will be chargeable to and payable by you pursuant to this Section 20.B, regardless of any actions, activities, or defenses undertaken by Franchisor or the subsequent success or failure of such actions, activities, or defenses.

You shall give Franchisor written notice of any event of which you are aware for which indemnification is required within three days of your actual or constructive knowledge of such event. At your expense and risk, Franchisor may elect to assume (but under no circumstance is obligated to undertake) the defense or settlement thereof, provided that Franchisor will seek your advice and counsel. Any assumption by Franchisor shall not modify your indemnification obligation. Franchisor may, in its sole and absolute discretion, take such actions as it deems necessary and appropriate to investigate, defend, or settle any event, or take other remedial or corrective actions with respect thereof as may be, in Franchisor's sole and absolute discretion, necessary for the protection of the Franchisor Indemnities or the System. Under no circumstances will Franchisor or the Franchisor Indemnities be required to seek recovery from third parties or to otherwise mitigate their losses to maintain a claim against you; in no event will a failure to pursue recovery from third parties or to mitigate loss reduce the amounts recoverable by Franchisor or the Franchisor Indemnities from you. The indemnification obligations provided by this Section 20.B will survive the expiration or termination of this Agreement.

## 21. NOTICES

All notices, requests, and reports required or permitted under this Agreement must be in writing and must be (i) personally delivered, (ii) sent by expedited delivery service or certified or registered mail, return receipt requested, first-class postage prepaid, (iii) by facsimile (provided that the sender confirms the facsimile by sending an original confirmation copy by certified mail or expedited delivery service within five calendar days after transmission) to the respective parties at the addresses reflected in the Summary Page, unless and until a different address has been designated by written notice to the other party, or (iv) by email or other electronic means to the respective parties at the addresses reflected in the Summary Page, unless and until a different address has been designated by written notice to the other party. Franchisor and its Affiliates expressly reserve the right to send to the Franchisee all notices of default and notices of termination of the Franchise Agreement to email address(es) on file, and at its sole discretion, submit a copy through any other means under this Article 21. Franchisee shall not opt out of electronic communications from Franchisor and its Affiliates, including email. Any notice will be deemed to have been given at the time of personal delivery or receipt (electronic or otherwise); provided, however, that if delivery is rejected, delivery will be deemed to have been given at the time of such rejection.

## 22. SEVERABILITY AND CONSTRUCTION

### A. Entire Agreement.

This Agreement, all attachments to this Agreement, and all ancillary agreements executed contemporaneously with this Agreement constitute the final and fully integrated agreement between the parties regarding the subject matter of this Agreement and supersede any and all prior negotiations, understandings, representations and agreements. Nothing in this agreement or any related agreement is intended to disclaim the representation made in the disclosure document provided to you by Franchisor.

**B. Modification.**

This Agreement may be modified only by a written document, signed by both parties. This provision does not limit Franchisor's right to modify the Manual or System specifications.

**C. Written Consent.**

Whenever this Agreement requires the prior approval or consent of Franchisor, you shall make a timely written request to Franchisor therefore and such approval or consent shall be obtained in writing.

**D. No Waiver.**

No failure of Franchisor to exercise any power reserved to it by this Agreement, or to insist upon strict compliance by you with any obligation or condition hereunder, and no custom or practice of the parties at variance with the terms hereof, shall constitute a waiver of Franchisor's right to demand exact compliance with any of the terms herein. Franchisor's waiver of any particular default by you shall not affect or impair Franchisor's rights with respect to any subsequent default of the same, similar, or different nature, nor shall any delay, forbearance, or omission of Franchisor to exercise any power or right arising out of any breach or default by you of any of the terms, provisions, or covenants hereof affect or impair Franchisor's right to exercise the same, nor shall such constitute a waiver by Franchisor of any right hereunder or the right to declare any subsequent breach or default and to terminate this Agreement prior to the expiration of its term. Subsequent acceptance by Franchisor of any payments due to it hereunder shall not be deemed to be a waiver by Franchisor of any preceding breach by you of any terms, covenants, or conditions of this Agreement.

**E. Severability.**

Except as expressly provided to the contrary herein, each section, part, term, and/or provision of this Agreement shall be considered severable, and if, for any reason, any section, part, term, and/or provision herein 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, such shall not impair the operation of, or have any other effect upon, such other portions, sections, parts, terms and/or provisions of this Agreement as may remain otherwise intelligible, and the latter shall continue to be given full force and effect and bind the parties hereto, and said invalid sections, parts, terms and/or provisions shall be deemed not to be a part of this Agreement; provided, however, that if Franchisor determines that such finding of invalidity or illegality adversely affects the basic consideration of this Agreement, Franchisor, at its option, may terminate this Agreement.

**F. Captions and Headings; References to Gender; Counterparts.**

All captions in this Agreement are intended solely for the convenience of the parties, and none of the captions shall be deemed to affect the meaning or construction of any provision hereof. All references herein to the masculine, neuter, or singular shall be construed to include the masculine, feminine, neuter, or plural. This Agreement may be executed in one or more originals, each of which shall be deemed an original.

**G. Persons Bound.**

All acknowledgments, promises, covenants, agreements, and obligations herein made or undertaken by you shall be deemed jointly and severally undertaken by all of the parties executing this Agreement as franchisee hereunder. As used in this Agreement, the term "you" shall include all persons who succeed to the interest of the original franchisee by transfer or operation of law.

### H. Franchisor's Judgment.

Whenever this Agreement or any related agreement grants, confers, or reserves to Franchisor the right to take action, refrain from taking action, grant or withhold consent, or grant or withhold approval, Franchisor will, unless the provision specifically states otherwise, have the right to engage in such activity at its option taking into consideration its assessment of the long-term interests of the System overall. You acknowledge and recognize, and any court or judge is affirmatively advised, that if those activities and/or decisions are supported by Franchisor's business judgment, neither said court, said judge, nor any other person reviewing those activities or decisions will substitute his, her, or its judgment for Franchisor's judgment. When the terms of this Agreement specifically require that Franchisor not unreasonably withhold approval or consent, any withholding of our approval or consent will be considered reasonable if you are in default or breach under this Agreement.

### I. Third Party Beneficiaries.

This Agreement is for the sole benefit of the parties hereto and their permitted assigns and nothing herein, express or implied, shall give or be construed to give any person, other than the parties and such assigns, any legal or equitable rights under this Agreement.

## 23. GOVERNING LAW AND FORUM SELECTION

### A. Governing Law.

Except to the extent governed by the United States Trademark Act of 1946 (Lanham Act), the Federal Arbitration Act, the Copyright Act, or the Patent Act, this Agreement (and all matters arising out of or relating to this Agreement) are governed by, and shall be construed in accordance with, the laws of the State of Texas, without giving effect to the conflict of laws provisions thereof to the extent such principles or rules would require or permit the application of the laws of any jurisdiction other than those of the State of Texas. By agreeing to the application of Texas law, the parties do not intend to make this Agreement or their relationship subject to any franchise, distributorship, business opportunity, or similar statute, rule, or regulation of the State of Texas to which this Agreement or the parties' relationship otherwise would not be subject. As of the Effective Date, Franchisor has a place of business in the State of Texas, and Texas otherwise bears a reasonable relationship to this Agreement, the parties' relationship established by this Agreement, and the parties. Franchisee and Franchisor acknowledge and agree that the choice of governing state law set forth in this Section provides each of the parties with the mutual benefit of uniform interpretation of this Agreement and the parties' relationship created by this Agreement. Franchisee and Franchisor further acknowledge the receipt and sufficiency of mutual consideration for such benefit, and that each Party's agreement regarding governing state law has been negotiated in good faith and is part of the benefit of the bargain reflected in this Agreement.

### B. Remedy.

Unless otherwise specified in this Agreement, no right or remedy conferred upon or reserved by Franchisor or you by this Agreement is intended and it shall not be deemed to be exclusive of any other right or remedy provided or permitted herein, by law or at equity, but each right or remedy shall be cumulative of every other right or remedy.

You may not under any circumstances make any claim for money damages based on any claim or assertion that Franchisor has unreasonably withheld or delayed any consent or approval under this Agreement, and you hereby waive any such claim for damages, whether by way of affirmative claim, setoff, counterclaim, or defense. Your sole remedy for any such claim will be an action or proceeding for specific performance of the applicable provision(s) of this Agreement.

### C. WAIVER OF JURY TRIAL.

**TO THE FULLEST EXTENT PERMITTED BY LAW, FRANCHISEE, OWNER, AND THE FRANCHISOR INDEMNITIES KNOWINGLY, WILLINGLY, AND VOLUNTARILY,**

**<u>WITH FULL AWARENESS OF THE LEGAL CONSEQUENCES, AFTER CONSULTING WITH COUNSEL (OR AFTER HAVING WAIVED THE OPPORTUNITY TO CONSULT WITH COUNSEL) AGREE TO WAIVE THEIR RIGHT TO A JURY TRIAL OF ANY DISPUTE BETWEEN THEM. THE RIGHT TO A TRIAL BY JURY IS A RIGHT SUCH PARTIES WOULD OR MIGHT OTHERWISE HAVE HAD UNDER THE CONSTITUTIONS OF THE UNITED STATES OF AMERICA AND THE STATE IN WHICH THE FRANCHISED BUSINESS IS LOCATED.</u>**

**D. WAIVER OF PUNITIVE DAMAGES.**

**<u>THE PARTIES HEREBY WAIVE TO THE FULLEST EXTENT PERMITTED BY LAW ANY RIGHT TO OR CLAIM OF ANY PUNITIVE, EXEMPLARY, OR MULTIPLE DAMAGES AGAINST THE OTHER.</u>**

**E. Attorneys' Fees.**

If either party commences a legal action against the other party arising out of or in connection with this Agreement, the prevailing party shall be entitled to have and recover from the other party its reasonable attorneys' fees and costs of suit. If Franchisor moves to confirm or enforce an arbitration award or judgement, pursuant to <u>Section 23.F.</u> below, Franchisor shall be entitled to have and recover its attorneys' fees and costs related to such enforcement from Franchisee and Guarantors.

**F. DISPUTE RESOLUTION BY BINDING ARBITRATION.**

(1) Any dispute or claim between (A) you and/or any Owner and (B) Franchisor or any Franchisor Indemnitee, including but not limited to any dispute or claim arising out of or relating in any way to

(a) this Agreement or any other agreement between you and/or any Owner and Franchisor or any Franchisor Indemnitee,

(b) the offer and sale of the franchise opportunity,

(c) any representations made prior to the execution of this Agreement,

(d) the validity, enforceability, or scope of this Agreement and this arbitration agreement, and

(e) the relationship of the parties

must be submitted to binding arbitration before the American Arbitration Association ("<u>AAA</u>") pursuant to its Commercial Arbitration Rules in effect at the time the arbitration demand is filed. The AAA rules are available online at www.adr.org. The only disputes or claims that shall not be subject to arbitration shall be those that relate to the protection or enforcement of Franchisor's or Franchisor Indemnitees' rights in and to Intellectual Property (including, but not limited to, the Proprietary Marks). The number of arbitrators shall be one. This arbitration agreement and the arbitration shall be subject to and governed by the Federal Arbitration Act, and not any state arbitration law.

(2) Franchisee, the Owners, Franchisor, and the Franchisor Indemnitees agree that arbitration will be conducted on an individual, not a class-wide or representative, basis, that only Franchisee, the Owners, Franchisor, and the Franchisor Indemnitees may be the parties to any arbitration proceeding described in this Section, and that no such arbitration proceeding may be consolidated or joined with another arbitration proceeding involving Franchisee, the Owners, Franchisor, the Franchisor Indemnitees or any other person or entity. The arbitrator shall have no power to preside over or consider any form representative, joint, consolidated, collective or class proceeding. Despite the foregoing or anything to the contrary in this Section, if any court or arbitrator determines that all or any part of this Section is unenforceable with respect to a dispute

that otherwise would be subject to arbitration, then we and you agree that this arbitration clause will not apply to that dispute, and such dispute will be resolved in a judicial proceeding in accordance with Section 23.G.

(3) We and you will be bound by any limitation under this Agreement or governing law, whichever expires first, on the timeframe in which claims must be brought. We and you further agree that, in connection with any arbitration proceeding, each must submit or file any claim constituting a compulsory counterclaim (as defined by the then-current Rule 13 of the Federal Rules of Civil Procedure) within the same proceeding as the claim to which it relates. Any such claim not submitted or filed in the proceeding will be barred. The arbitrator does not have the right to consider any settlement discussions or offers either you or we made.

(4) Unless prohibited by law, the arbitration shall occur in Tarrant County, Texas. The arbitrator will have no authority to select a different hearing locale other than as described in the prior sentence.

(5) Except as may be required by law, neither Franchisee, its Owners, nor an arbitrator may disclose the existence, content, or results of any arbitration under this Section without the prior written consent of all parties.

(6) The arbitrator must follow, and may not disregard, the governing law.

(7) The arbitrator has the right to award any relief he or she deems proper in the circumstances, including money damages (with interest on unpaid amounts from the date due), specific performance, injunctive relief, and attorneys' fees and costs (in accordance with Section 23.F.), provided that the arbitrator may not declare any Proprietary Mark generic or otherwise invalid and Franchisee and Franchisor waive to the fullest extent the law permits any right to or claim for any punitive, exemplary, treble, and other forms of multiple damages against the other. The arbitrator's award and decision will be conclusive and bind all parties covered by this Section, and judgment upon the award may be entered in a court specified or permitted in Section 23.G.(9). below.

(8) The decision of the arbitrator will be final and binding on all parties to the dispute. A judgment may be entered upon the arbitration award in any federal or state court having jurisdiction.

(9) Despite the existence of the arbitration clause, the parties shall have the right to seek temporary restraining orders, preliminary injunctions, and similar equitable relief from a court pending arbitration of the merits of the claims. Any injunctive relief may be given without the necessity of Franchisor posting bond or other security and any such bond or other security is hereby waived.

(10) To the fullest extent permitted by law, the parties agree that any actions permitted to be brought under this Agreement by either party in any court may only be brought in a federal or state court serving the judicial district in which Franchisor's principal headquarters is located at the time litigation is commenced. You hereby irrevocably submit to the jurisdiction of the federal and state courts serving the judicial district in which Franchisor's principal headquarters is located at the time litigation is commenced, and waive any objection you may have to the jurisdiction of or venue in such courts.

**G. Consent to Jurisdiction.**

Subject to the arbitration obligations in Section 23.G., any judicial action must be brought in a court of competent jurisdiction in the state, and in (or closest to) the county, where Franchisor's principal place of business is then located. Each of the parties irrevocably submits to the jurisdiction of such courts and waives any objection to such jurisdiction or venue. Notwithstanding the foregoing, Franchisor may bring an action for a temporary restraining order or for temporary or preliminary injunctive relief, or to enforce an arbitration award or judicial decision, in any federal or state court in the county in which Franchisee resides or the Franchised Business is located.

**H. MATERIAL INDUCEMENT FOR FRANCHISOR.**

**FRANCHISEE ACKNOWLEDGES AND AGREES THAT THIS SECTION 23 IS ENTERED INTO VOLUNTARILY AND IS NOT THE PRODUCT OF COERCION ON THE PART OF FRANCHISOR. THE BINDING ARBITRATION, CHOICE OF LAW AND FORUM, WAIVER OF PUNITIVE DAMAGES, LIMITATION ON ACTIONS, WAIVER OF CLASS ACTION, AND OTHER PROVISIONS OF THIS SECTION 23 ARE A MATERIAL INDUCEMENT FOR FRANCHISOR TO ENTER INTO THIS AGREEMENT. IF ANY PROVISION OF THIS SECTION 23 IS DEEMED UNENFORCEABLE FOR ANY REASON, THERE WILL HAVE BEEN A FAILURE OF CONSIDERATION DELIVERED BY FRANCHISEE TO FRANCHISOR FOR THIS AGREEMENT, AND THIS AGREEMENT WILL HAVE FAILED OF ITS ESSENTIAL PURPOSE, THEREBY ENTITLING FRANCHISOR TO VOID THIS AGREEMENT AT ITS OPTION.**

**I. No Waiver or Disclaimer of Reliance in Certain States.**

The following provision applies only to franchisees and franchises that are subject to the state franchise registration/disclosure laws in California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, or Wisconsin:

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

**24. ACKNOWLEDGMENTS**

**A. Reasonable Restrictions.**

You have carefully considered the nature and extent of the restrictions upon you set forth in this Agreement, including, without limitation, the covenants not to compete, the restrictions on assignment, and the rights, obligations, and remedies conferred upon you under this Agreement. You acknowledge that such restrictions, rights, obligations, and remedies: (1) are reasonable, including, but not limited to, their term and geographic scope; (2) are designed to preclude competition which would be unfair to Franchisor; (3) are fully required to protect Franchisor's legitimate business interests; and, (4) do not confer benefits upon Franchisor that are disproportionate to your detriment.

**[Please initial to acknowledge that you have read and understand this Section 24.A.]** ________

**B. Patriot Act.**

You represent and warrant that to your actual knowledge: (i) neither Franchisee, nor its officers, directors, managers, members, partners or other individual who manages the affairs of Franchisee, nor any Franchisee affiliate or related party, or any funding source for the Franchised Business, is identified on the lists of Blocked Persons, Specially Designated Nationals, Specially Designated Terrorists, Specially Designated Global Terrorists, Foreign Terrorists Organizations, and Specially Designated Narcotics Traffickers at the United States Department of Treasury's Office of Foreign Assets Control (OFAC), or the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001, commonly known as the "USA Patriot Act," as such lists may be amended from time to time (collectively, "Blocked Person(s)"); (ii) neither Franchisee nor any Franchisee affiliate or related party is directly or indirectly owned or controlled by the government of any country that is subject to an embargo imposed by the United States government; (iii) neither Franchisee nor any Franchisee affiliate or related party is acting on behalf of the government of, or is involved in business arrangements or other transactions with, any country that is subject to such an embargo; (iv) neither Franchisee nor any Franchisee affiliate or related party are on the United States Department of Commerce Denied Persons, Entity and Unverified Lists, or the United States Departments of State's Debarred List, as such lists may be amended from time to time (collectively, the "Lists"); (v) neither Franchisee nor any Franchisee affiliate or related party, during the term of this Agreement, will be on any of the Lists or identified as a Blocked Person; and (vi) during the term of this Agreement, neither Franchisee nor any Franchisee affiliate or related party will sell products, goods or services to, or otherwise enter into a business arrangement with, any person or entity on any of the Lists or identified as a Blocked Person. You agree to notify Franchisor in writing immediately upon the occurrence of any act or event that would render any of these representations incorrect.

**[Please initial to acknowledge that you have read and understand this Section 24.B.] ________**

**The acknowledgments in clauses C through H below apply to all franchisees and franchises except not to any franchisees and franchises that are subject to the state franchise registration/disclosure laws in California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, and Wisconsin.**

**C. Receipt of Disclosure Document.**

You hereby acknowledge that you received from Franchisor its current franchise disclosure document, together with a copy of all proposed agreements related to the sale of the Franchise, at least 14 calendar days prior to the execution of this Agreement or at least 14 days before you paid us any consideration in connection with the sale or proposed sale of the Franchise granted by this Agreement.

**[Please initial to acknowledge that you have read and understand this Section 24.C.] ________**

**D. Receipt of Agreement.**

You hereby acknowledge that you received from Franchisor this Agreement with all blanks filled in at least seven calendar days prior to the execution of this Agreement. You represent that you have read this Agreement in its entirety and that you have been given the opportunity to clarify any provisions that you did not understand and to consult with an attorney or other professional advisor. You further represent that you understand the terms, conditions, and obligations of this Agreement and agree to be bound thereby.

**[Please initial to acknowledge that you have read and understand this Section 24.D.] ________**

**E. Independent Investigation.**

You acknowledge and represent that you are entering into this Agreement, all attachments hereto, and all ancillary agreements executed contemporaneously with this Agreement, as a result of your own independent investigation of all aspects relating to the Franchised Business, and not as a result of any representations about Franchisor or your reliance on any such representations (if made) by its stakeholders, officers, directors, employees, agents, representatives, independent contractors, or franchisees which are contrary to the terms set forth in this Agreement or any franchise disclosure document required or permitted to be given to you pursuant to applicable law. You have been advised and given the opportunity to independently investigate, analyze, and construe the business opportunity being offered under this Agreement, the terms and provisions of this Agreement, and the prospects for the Franchised Business, using the services of legal counsel, accountants, or other advisers of your own choosing; you have either consulted with these advisors or have deliberately declined to do so. You further recognize that the business venture contemplated by this Agreement involves business risks and that its success will be largely dependent upon your skills and ability as an independent business person. This offering is not a security as that term is defined under applicable federal and state securities laws.

**[Please initial to acknowledge that you have read and understand this Section 24.E.]** ________

**F. No Representations; No Reliance.**

You acknowledge and represent that, except for representations made in Franchisor's current franchise disclosure document, neither Franchisor nor its Affiliates, nor any of their respective stakeholders, officers, directors, employees, agents, representatives, independent contractors, has made any representations, warranties, or guarantees, express or implied, as to the potential revenues, profits, expenses, sales volume, earnings, income, or services of the business venture contemplated under this Agreement, and that you have not relied on any such representations (if made) in making your decision to purchase an Snapology franchise. You further acknowledge and represent that neither Franchisor nor its representatives have made any statements inconsistent with the terms of this Agreement.

**[Please initial to acknowledge that you have read and understand this Section 24.F.]** ________

**G. No Financial Performance Representations; No Reliance.**

You specifically acknowledge that the only financial performance information furnished by Franchisor is set forth in Item 19 of its current franchise disclosure document; that no officer, director, employee, agent, representative or independent contractor of Franchisor is authorized to furnish you with any other financial performance information; that, if they nevertheless do, you will not rely on any such financial performance information given to you by any such individual; and, that if any such individual attempts to or actually does give you any such financial performance information in contravention of this provision, you will immediately communicate such activity to us. For the purpose of this Section 24.G., "financial performance information" means information given, whether orally, in writing, or visually which states, suggests or infers a specific level or range of historic or prospective sales, expenses and/or profits of franchised or Franchisor-owned facilities.

**[Please initial to acknowledge that you have read and understand this Section 24.G.]** ________

**H. No Licensure Representations; No Reliance.**

You acknowledge that neither Franchisor nor its Affiliates, nor any of their respective stakeholders, officers, directors, employees, agents, representatives, independent contractors, has made any representation or statement on which you have relied regarding your ability to procure any required license, permit, certificate or other governmental authorization that may be necessary or required for you to carry out the activities contemplated by this Agreement

**[Please initial to acknowledge that you have read and understand this Section 24.H.]** ________

**IN WITNESS WHEREOF**, the undersigned, intending to be legally bound, have executed this Franchise Agreement to be effective on the day and year first written above.

| | |
|---|---|
| **FRANCHISOR:** | **FRANCHISEE:** |
| SNAPOLOGY, LLC, | [_______], |
| a Pennsylvania limited liability company | a [_______] |
| By: ____________________________________ | By: ____________________________________ |
| Ani Mehta, its President | [_______], its [_______] |

**RENEWAL RIDER TO THE SNAPOLOGY FRANCHISE AGREEMENT**

This Renewal Rider to Snapology Franchise Agreement (the "Rider") is entered into by and between Snapology, LLC ("Franchisor"), __________ ("Franchisee"), and the undersigned owners and guarantors (collectively, "Owners") regarding a franchise agreement ("Renewal Franchise Agreement") to govern Franchisee's continued operation of it's the Snapology franchised business at [_____] ("Franchised Business") and is effective as of the Effective Date indicated on the Summary Page of the Renewal Franchise Agreement. All initial-capitalized terms used but not defined in this Rider will have the meanings given to those terms in the Renewal Franchise Agreement.

1. Expiring Franchise Agreement. Franchisor and Franchisee acknowledge that the Renewal Franchise Agreement is the successor to Snapology franchise agreement between Franchisor and Franchisee dated as of [_______], as amended (the "Expiring Franchise Agreement"), under which Franchisee operated the Franchised Business during the Expiring Franchise Agreement's term and until the Effective Date. Franchisor and Franchisee are signing this Rider because the Expiring Franchise Agreement is scheduled to expire, and Franchisor and Franchisee have agreed to renew the Franchised Business's franchise agreement by signing the Renewal Franchise Agreement. This Rider modifies certain provisions of the Renewal Franchise Agreement that (a) do not apply to Franchisee's operation of the Franchised Business during the renewal franchise term or (b) otherwise must account for the fact that the Franchised Business already is open and operating as of the Effective Date.

2. Term. The Expiring Franchise Agreement's term is deemed to expire on the day before the Effective Date. Franchisee has no further rights under the Expiring Franchise Agreement on or following the Effective Date.

3. Remaining Successor Terms. This Renewal Franchise Agreement satisfies the [____] term of the Franchisee's initial franchise agreement dated [_____]. Therefore, for purposes of clarity, Franchisee has [___] Successor Terms remaining, notwithstanding anything to the contrary in Section 2.B. of the Renewal Franchise Agreement, and all such Successor Terms are subject to renewal requirements in Section 2.B. of the Renewal Franchise Agreement, including payment of the Renewal Fee as defined in the Renewal Franchise Agreement.

4. Opening Date. If the Franchised Business is open at the time of execution of the Renewal Franchise Agreement, the Opening Date shall be the same date as the Effective Date.

5. Initial Franchise Fee. Provided that this Renewal Franchise Agreement is renewal of the Expiring Franchise Agreement, the requirement to pay the Initial Franchise Fee in Section 6.A. of the Renewal Franchise Agreement is waived and instead, Franchisee shall pay the renewal fee stated in the Expiring Franchise Agreement.

6. Grand Opening Advertising Requirements. Section 15.B. of the Renewal Franchise Agreement is amended with the following:

> "Provided that this is a renewal of the Expiring Franchise Agreement, Franchisee is not required to spend the Grand Opening Amount; however, Franchisee may choose to voluntarily spend any amount it deems appropriate to market the renewal its franchise rights under this Agreement."

7. Release. As partial consideration for, and as a condition of, Franchisor's granting Franchisee the rights under the Renewal Franchise Agreement, Franchisee, Owners, and its affiliates, on behalf of themselves and their respective successors, heirs, executors, administrators, personal representatives, agents, assigns, partners, owners, directors, officers, principals, and employees (all such parties referred to collectively as the "Releasing Parties" and, individually, as a "Releasing Party"), hereby

forever release and discharge Franchisor and its current and former affiliated entities (including parent, subsidiary, and other related companies), and all of their respective officers, directors, owners, principals, partners, employees, agents, successors, executors, administrators, personal representatives, predecessors, and assigns (all such parties referred to collectively as the "Released Parties" and, individually, as a "Released Party"), from any and all claims, damages, demands, debts, causes of action, suits, duties, liabilities, costs, expenses, and agreements of any nature and kind, whether presently known or unknown, vested or contingent, suspected or unsuspected (all such matters referred to collectively for purposes of this Section 9 as "Claims" and, individually, as a "Claim"), that any Releasing Party now has, ever had, or, but for this Section 9, hereafter would or could have against any Released Party directly or indirectly arising from or related in any way to (a) the Released Parties' performance of or failure to perform their obligations under the Expiring Franchise Agreement, or (b) Franchisee's and the other Releasing Parties' relationship, from the beginning of time to the Effective Date, with any Released Party, excepting only any Claims arising exclusively from or related exclusively to the grant of the renewal franchise under the Renewal Franchise Agreement. The released Claims include, but are not limited to, any Claim alleging violation of any deceptive or unfair trade practices laws, franchise laws, or other local, municipal, state, federal, or other laws, statutes, rules, or regulations. Franchisee acknowledges that the Releasing Parties might after the Effective Date discover facts different from, or in addition to, those facts currently known to them, or which they now believe to be true, with respect to the Claims released by this section. The Releasing Parties nevertheless agree that the release set forth in this section has been negotiated and agreed on despite such acknowledgement and despite any federal or state statute or common-law principle which provides that a general release does not extend to claims which are not known to exist at the time of execution. Franchisee and the other Releasing Parties further covenant not to sue any Released Party on any Claim released by this paragraph and represent that they have not assigned any such Claim to any individual or entity that is not bound by this paragraph.

[If Releasor is domiciled or has his or her principal place of business in the State of California]

**WAIVER OF SECTION 1542 OF THE CALIFORNIA CIVIL CODE.**

[____________________] ("Releasor") for myself and on behalf of all persons acting by or through me, acknowledge that I am familiar with Section 1542 of the California Civil Code, which reads as follows:

A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR OR RELEASING PARTY DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE AND THAT, IF KNOWN BY HIM OR HER, WOULD HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR OR RELEASING PARTY.

Releasor hereby waives and relinquishes every right or benefit which I have under Section 1542 of the Civil Code of the State of California, and any similar statute under any other state or federal law, to the fullest extent that they may lawfully waive such right or benefit. In connection with this waiver and relinquishment, Releasor acknowledges he or she may hereafter discover facts in addition to or different from those which he or she now knows or believes to be true with respect to the claims herein released, but that it is the parties' intention, subject to the terms and conditions of this general release, to fully, finally and forever settle and release all such claims, known or unknown, suspected or unsuspected, which now exist, may exist or did exist. In furtherance of such intention, the releases given in this general release shall be and remain in effect as full and complete releases, notwithstanding the discovery or existence of any such additional or different facts.

Releasor warrants and represents the release set forth above is a complete defense to any claim encompassed by its terms, and covenants not to initiate, prosecute, or otherwise participate in any action or proceeding 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 this general release with respect to any claim or cause of action released under this general release.

[If Releasor is domiciled or has his or her principal place of business in the State of Washington or if the franchised business is located in the State of Washington]

Notwithstanding anything to the contrary, this general release does not apply to any claims arising under the Washington Franchise Investment Protection Act, RCW 19.100, and the rules adopted thereunder.

8. Rider to Control. Except as provided in this Rider, the Renewal Franchise Agreement remains in full force and effect as originally written. If there is any inconsistency between the Renewal Franchise Agreement and this Rider, this Rider's terms will control.

IN WITNESS WHEREOF, the undersigned, intending to be legally bound, have executed this Renewal Rider to Snapology Franchise Agreement to be effective on the day and year first written above.

| | |
|---|---|
| **FRANCHISOR:**<br>SNAPOLOGY, LLC,<br>a Pennsylvania limited liability company | **FRANCHISEE:**<br>[_______],<br>a [_______] |
| By: ________________________________<br>Ani Mehta, its President | By: ________________________________<br>[_______], its [_______] |
| | **OWNER(S):** |
| | ________________________________<br>[_______], individually |
| | ________________________________<br>[_______], individually |

## STATE SPECIFIC ADDENDA / RIDERS TO FRANCHISE AGREEMENT

### NO WAIVER OR DISCLAIMER OF RELIANCE IN CERTAIN STATES

The following provision applies only to franchisees and franchises that are subject to the state franchise registration/disclosure laws in California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, or Wisconsin:

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

## CALIFORNIA RIDER TO SNAPOLOGY FRANCHISE AGREEMENT

This California Rider to the Snapology Franchise Agreement (the "**Rider**") is entered into this ___, 20 (the "**Effective Date**"), between Snapology, LLC, a Pennsylvania limited liability company ("**we**," "**us,**" "**our**" or "**Franchisor**"), and ____________, a_________________________ whose principal business address is _______________________________________________________ (referred to in this Rider as "**you**," "**your**" or "**Franchisee**") and amends the Franchise Agreement between the parties dated as of the Effective Date (the "**Agreement**").

In recognition of the requirements of the California Franchise Investment Law and the California Franchise Relations Act, the parties to the attached Snapology, LLC Franchise Agreement (the "Agreement") agree as follows:

1. 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.

2. 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.

IN WITNESS WHEREOF, the parties have duly executed and delivered this California amendment to the Snapology, LLC Franchise Agreement on the same date as the Franchise Agreement was executed.

| **FRANCHISOR:** | **FRANCHISEE:** |
|---|---|
| SNAPOLOGY, LLC,<br>a Pennsylvania limited liability company | __________________________________<br>a |
| By: ___________________________________<br>Ani Mehta, its President | By: ___________________________________<br>_________________, its _________________ |

## ILLINOIS RIDER TO SNAPOLOGY FRANCHISE AGREEMENT

This Illinois Rider to the Snapology Franchise Agreement (the "**Rider**") is entered into this _____, 20 (the "**Effective Date**"), between Snapology, LLC, a Pennsylvania limited liability company ("**we**," "**us,**" "**our**" or "**Franchisor**"), and ____________, a__________________________whose principal business address is _________________________________________________________ (referred to in this Rider as "**you**," "**your**" or "**Franchisee**") and amends the Franchise Agreement between the parties dated as of the Effective Date (the "**Agreement**").

In recognition of the requirements of the Illinois Franchise Disclosure Act, 815 ILCS 705/1 to 705/45, and Ill. Admin. Code tit. 15, §200.100 et seq., the undersigned agree to the following modifications to the Snapology, LLC Franchise Agreement (the "Agreement"), as follows:

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 of an agreement 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 acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of: (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on behalf of the Franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

IN WITNESS WHEREOF, the parties have duly executed and delivered this Illinois amendment to the Snapology, LLC Franchise Agreement on the same date as the Franchise Agreement was executed.

| **FRANCHISOR:** | **FRANCHISEE:** |
|---|---|
| SNAPOLOGY, LLC,<br>a Pennsylvania limited liability company | ___________________________________<br>a |
| By: ___________________________________<br>Ani Mehta, its President | By: ___________________________________<br>_________________, its _________________ |

## MARYLAND RIDER TO FRANCHISE AGREEMENT

This Maryland Rider to the Snapology Franchise Agreement (the "**Rider**") is entered into this ___, 20 (the "**Effective Date**"), between Snapology, LLC, a Pennsylvania limited liability company ("**we**," "**us,**" "**our**" or "**Franchisor**"), and ____________, a__________________________ whose principal business address is _______________________________________________________ (referred to in this Rider as "**you**," "**your**" or "**Franchisee**") and amends the Franchise Agreement between the parties dated as of the Effective Date (the "**Agreement**").

In recognition of the requirements of the Maryland Franchise Registration and Disclosure Law, the parties to the attached Snapology, LLC Franchise Agreement (the "Agreement") agree as follows:

1. The general release required as a condition of renewal, sale, and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

2. All representations requiring prospective franchisees to assent to a release, estoppel or waiver of liability are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

3. Article 23.G. of the Agreement, under the heading "Consent to Jurisduction," shall be amended by the addition of the following statement added to Article 23.G.:

> A franchisee may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law. This franchise agreement provides that disputes are resolved through arbitration. A Maryland franchise regulation states that it is an unfair or deceptive practice to require a franchisee to waive its right to file a lawsuit in Maryland claiming a violation of the Maryland Franchise Law. In light of the Federal Arbitration Act, there is some dispute as to whether this forum selection requirement is legally enforceable.

4. Acknowledgments. Articles 24.C through 24.H of the Franchise Agreement are hereby deleted.

IN WITNESS WHEREOF, the parties have duly executed and delivered this Maryland amendment to the Snapology, LLC Franchise Agreement on the same date as the Franchise Agreement was executed.

| **FRANCHISOR:** | **FRANCHISEE:** |
|---|---|
| SNAPOLOGY, LLC,<br>a Pennsylvania limited liability company | ___________________________________<br>a |
| By: ___________________________________<br>Ani Mehta, its President | By: ___________________________________<br>_________________, its _________________ |

## MINNESOTA RIDER TO SNAPOLOGY FRANCHISE AGREEMENT

This Minnesota Rider to the Snapology Franchise Agreement (the "**Rider**") is entered into this___, 20 (the "**Effective Date**"), between Snapology, LLC, a Pennsylvania limited liability company ("**we**," "**us,**" "**our**" or "**Franchisor**"), and ____________, a__________________________ whose principal business address is _______________________________________________________ (referred to in this Rider as "**you**," "**your**" or "**Franchisee**") and amends the Franchise Agreement between the parties dated as of the Effective Date (the "**Agreement**").

In recognition of the requirements of the Minnesota Statutes, Chapter 80C. and Minnesota Franchise Rules, Chapter 2860, the parties to the attached Snapology, LLC Franchise Agreement (the "Agreement") agree as follows:

1. Under Article 2.B. of the Agreement, under the heading "Successor Term," the subarticle 2.B.(7) shall be deleted in its entirety and shall have no force or effect, and the following shall be substituted in lieu thereof:

> (7) You and each Owner shall have executed Franchisor's then-current form of general release, subject to applicable law, in a form satisfactory to Franchisor, of any and all claims against Franchisor and its Affiliates and their respective past and present officers, directors, shareholders, agents, and employees, in their corporate and individual capacity, including, without limitation, claims arising under federal, state, or local laws, rules, or ordinances, and claims arising out of, or relating to, this Agreement, any other agreements between you and Franchisor or its Affiliates, your operation of the Franchised Business, and the offer and grant of the franchise opportunity; provided, however, that all rights enjoyed by Franchisee and any causes of action arising in Franchisee's favor from the provisions of the Minnesota Franchise Act, Minn. Stat. Section 80C.14 et seq. and Minnesota Rules 2860.4400(D), shall remain in force; it being the intent of this provision that the non-waiver provisions of the Minnesota Rules 2860.4400(D) be satisfied; and
>
> Minnesota law provides a franchisee with certain termination and non-renewal rights. Minn. Stat. Sect. 80C.14 Subdivisions 3, 4, and 5 require, except in certain specified cases, that franchisee be given one hundred eighty (180) days notice of nonrenewal of this Agreement by Franchisor.

2. Under Article 13.G. of the Agreement, under the heading "Infringement; Notice of Claims," the subarticle 13.G. shall be supplemented by the addition of the following:

> Franchisor agrees to protect Franchisee, to the extent required by the Minnesota Franchise Act, against claims of infringement or unfair competition with respect to Franchisee's use of the Marks when, in the opinion of Franchisor's counsel, Franchisee's rights warrant protection pursuant to Article 12.E. of this Agreement.

3. Under Article 17.B. of the Agreement, under the heading "Franchisee Transfer of Agreement; Transfer of the Franchised Business; Transfer of Controlling Interest," the subarticle 17.B.(3) shall be deleted in its entirety and shall have no force or effect, and the following shall be substituted in lieu thereof:

> (3) You and each Owner shall have executed a then-current form of general release and a covenant not to sue, in a form satisfactory to Franchisor, of any and all claims against Franchisor and its Affiliates and their respective officers, directors, shareholders, agents, and employees in their corporate and individual capacities, including, without limitation, claims arising under federal, state, and local laws, rules, and ordinances; provided, however, that all rights enjoyed by Franchisee and any causes of action arising in Franchisee's favor from the provisions of the Minnesota Franchise Act, Minn. Stat. Section 80C.14 et seq. and Minnesota Rules 2860.4400(D), shall remain in force; it being the intent of this provision that the non-waiver provisions of the Minnesota Rules 2860.4400(D) be satisfied; and

Minnesota law provides a franchisee with certain termination and non-renewal rights. Minn. Stat. Sect. 80C.14 Subdivisions 3, 4, and 5 require, except in certain specified cases, that franchisee be given one hundred eighty (180) days-notice of nonrenewal of this Agreement by Franchisor.

4. Under Article 17.B. of the Agreement, the second paragraph of the subarticle 17.B. shall be supplemented by the addition of the following:

Franchisor shall not unreasonably withhold consent to transfer the franchise agreement.

5. Under Article 18, the subarticle 18.C. shall be supplemented by the addition of the following:

Article 18.C. will not be enforced to the extent prohibited by applicable law.

6. Under Article 18, the subarticle 18.C.(4), shall be supplemented by the addition of the following:

Subarticle 18.C.(4) will not be enforced to the extent prohibited by applicable law.

7. Article 18.C is hereby amended with the following is added:

Minnesota law provides a franchisee with certain termination rights. Minn. Stat. Sect. 80C.14 Subdivisions 3, 4, and 5 require, except in certain specified cases, that franchisee be given ninety (90) days-notice of termination (with sixty days to cure) of this Agreement.

8. Article 23.A of the Agreement, under the heading "Governing Law", shall be amended by the addition of the following statement added to the end of the last sentence of Article 23.A.:

; except to the extent otherwise prohibited by applicable law with respect to claims arising under the Minnesota Franchise Act.

9. Article 23.G. of the Agreement, under the heading "Consent to Jurisdiction", shall be amended by the addition of the following statement added to the end of the last sentence of Article 23.H.:

; except the extent otherwise prohibited by applicable law with respect to claims arising under the Minnesota Franchise Act.

10. Article 23.C. of the Agreement, under the heading "Waiver of Jury Trial", shall be supplemented by the addition of the following statement at the end of the sentence contained in Article 23.C.:

; except that nothing in this Agreement should be considered a waiver of any right conferred upon Franchisee by the Minnesota Franchise Act.

11. Article 22 of the Agreement, under the heading "Severability and Construction," shall be supplemented by the addition of the following new subarticle 22.J.:

22.J. Any foregoing acknowledgments are not intended to nor shall they act as a release, estoppel or waiver or any liability under the Minnesota Franchise Act.

13. Each provision of this amendment shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Minnesota Franchise Act are met independently without reference to this amendment.

IN WITNESS WHEREOF, the parties have duly executed and delivered this Minnesota State amendment to the Snapology, LLC Franchise Agreement on the same date as the Franchise Agreement was executed.

| **FRANCHISOR:** | **FRANCHISEE:** |
|---|---|
| SNAPOLOGY, LLC,<br>a Pennsylvania limited liability company | ____________________________________<br>a |
| By: ____________________________________<br>Ani Mehta, its President | By: ____________________________________<br>__________________, its __________________ |

**NEW YORK RIDER TO SNAPOLOGY FRANCHISE AGREEMENT**

This New York Rider to the Snapology Franchise Agreement (the "**Rider**") is entered into this___, 20 (the "**Effective Date**"), between Snapology, LLC, a Pennsylvania limited liability company ("**we**," "**us,**" "**our**" or "**Franchisor**"), and ____________, a__________________________ whose principal business address is ____________________________________________________ (referred to in this Rider as "**you**," "**your**" or "**Franchisee**") and amends the Franchise Agreement between the parties dated as of the Effective Date (the "**Agreement**").

In recognition of the requirements of the New York General Business Law, Article 33, Sections 680 through 695, and of the regulations promulgated thereunder (N.Y. Comp. Code R. & Regs., tit. 13, §§ 200.1 through 201.16), the parties to the attached Snapology, LLC Franchise Agreement (the "Agreement") agree as follows:

1. Any provision in the Franchise Agreement that is inconsistent with the New York General Business Law, Article 33, Sections 680 – 695 may not be enforceable.

2. Releases. Sections 2.B.(5) and 17 are each amended to add the following:

   The foregoing release of claims against Franchisor does not release any claim you may have under New York General Business Law, Article 33, Sections 680-695.

3. Assignment by Franchisor. Section 17 is amended by adding the following:

   Franchisor will not assign its rights under the Franchise Agreement except to an assignee who in Franchisor's good faith judgment is willing and able to assume Franchisor's obligations under the Franchise Agreement.

4. Termination by Franchisee. Section 18 is amended by adding the following:

   You may terminate this Agreement on any grounds available by law under the provisions of Article 33 of the General Business Law of the State of New York.

5. Governing Law. Section 23.A is amended by adding the following:

   Notwithstanding the foregoing, the New York General Business Law shall govern any claim arising under that law.

6. Each provision of this amendment shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the New York General Business Law, are met independently without reference to this amendment.

IN WITNESS WHEREOF, the parties have duly executed and delivered this New York amendment to the Snapology, LLC Franchise Agreement on the same date as the Franchise Agreement was executed.

| **FRANCHISOR:** | **FRANCHISEE:** |
|---|---|
| SNAPOLOGY, LLC,<br>a Pennsylvania limited liability company | ____________________________________<br>a |
| By: _____________________________________<br>Ani Mehta, its President | By: _____________________________________<br>__________________, its __________________ |

**VIRGINIA RIDER TO SNAPOLOGY FRANCHISE AGREEMENT**

**THIS RIDER IS TO BE SIGNED ONLY IF THE FRANCHISE AGREEMENT TO WHICH IT RELATES IS SIGNED ON OR AFTER JULY 1, 2026.**

This Rider is entered into this ___ day of ________________, 20__, by and between Snapology, LLC (“we,” “us,” or “our”), and _________________ (“Franchisee,” “you,” or “your”).

1. **Background**. We and you are parties to that certain Franchise Agreement dated __________________, 20__ (the “Franchise Agreement”) that has been signed concurrently with the signing of this Rider. This Rider is annexed to and forms part of the Franchise Agreement. This Rider is being signed because the Snapology business you will operate under the Franchise Agreement will be located in Virginia.

2. Effective July 1, 2026, the Virginia Retail Franchising Act provides as follows:

> Under subdivision A 4 of § 13.1-563 of the Virginia Retail Franchising Act (“Act”), it is unlawful to offer or enter into a franchise agreement that restricts the right of a franchisee to engage in the business of offering, selling, or distributing goods or services at retail after termination or expiration of the franchise agreement. However, subsection B of § 13.1-563 of the Act provides that if a franchisee sells a franchise at a mutually agreed upon price to a third party or back to the franchisor, such sale may include a term restricting the right of such franchisee to engage in the business of offering, selling, or distributing goods or services at retail for a period of no more than two years after such sale.
>
> Under subsection D of § 13.1-559 of the Virginia Retail Franchising Act, for all franchises located in Virginia, the franchise contract or agreement offered or entered into pursuant to terms of this chapter shall be governed by the laws of the Commonwealth of Virginia.

To the extent the Franchise Agreement includes any provision that is wholly or partially unlawful under Virginia law, the unlawful portions of the provision will be deemed to be severed from, and not to be a part of, the Franchise Agreement to the extent they are unlawful. However, any remaining lawful portions of the provision may be fully enforced.

**IN WITNESS WHEREOF**, the parties have executed this Rider to the Franchise Agreement on the date stated on the first page.

| **FRANCHISOR:** | **FRANCHISEE:** |
|---|---|
| SNAPOLOGY, LLC,<br>a Pennsylvania limited liability company | ___________________________________<br>a |
| By: ____________________________________<br>Ani Mehta, its President | By: ____________________________________<br>_________________, its _________________ |

## WASHINGTON RIDER TO SNAPOLOGY FRANCHISE AGREEMENT AND ALL RELATED AGREEMENTS

This Washington Rider to the Snapology Franchise Agreement (the "**Rider**") is entered into this_, 20 (the "**Effective Date**"), between Snapology, LLC, a Pennsylvania limited liability company ("**we**," "**us,**" "**our**" or "**Franchisor**"), ("Franchisor," "we," "us," or "our"), and _________________ ("**Franchisee**," "**you**," or "**your**"). The provisions of this Rider an integral part of, are incorporated into, and modify the Snapology franchise agreement executed between the Franchisor and Franchisee, and all related agreements regardless of anything to the contrary contained therein. This Rider 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. **Fees.** The following language is added to the end of Section 6.A of the Franchise Agreement:

Based upon our financial condition, the Washington Securities Division has required a financial assurance. Therefore, in lieu of an impound of franchise fees, we will not require or accept the payment of any initial franchise fees until you (a) have received all pre-opening and initial training obligations that you are entitled to under the franchise agreement or offering circular, and (b) are open for business.

20. The following language is added to the end of Section 20.B of the Franchise Agreement:

Franchisees have no obligation to indemnify or hold harmless an indemnified party for losses to the extent that they are determined to have been caused solely and directly by the indemnified party's gross negligence, willful misconduct, strict liability, or fraud.

21. Sections 24.C through 24.H of the Franchise Agreement are deleted in their entirety.

22. The following language is added to the end of the Franchise Agreement:

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

IN WITNESS WHEREOF, the parties have duly executed and delivered this Washington State amendment to the Snapology, LLC Franchise Agreement on the same date as the Franchise Agreement was executed.

| | |
|---|---|
| **FRANCHISOR:** | **FRANCHISEE:** |
| SNAPOLOGY, LLC, | ____________________________________ |
| a Pennsylvania limited liability company | a |
| By: _____________________________________ | By: _____________________________________ |
| Ani Mehta, its President | __________________, its __________________ |

**SNAPOLOGY®**
**FRANCHISE AGREEMENT**

**ATTACHMENT A**

**GLOSSARY OF ADDITIONAL TERMS**

Capitalized terms will have the following meanings, unless otherwise defined in this Agreement.

"**Advertising Cooperative**" means a group of Snapology Businesses formed to facilitate marketing and advertising placement in a particular geographic area.

"**Affiliate**" means, with respect to Franchisee or any Owner, any (i) direct or indirect parent, subsidiary, or affiliate, (ii) any Person, the management of which is, directly or indirectly, controlled by, or of which an aggregate of more than 10% of the voting Stock is, at the time, owned or controlled directly or indirectly by, such Person or one or more Affiliates of such Person, (iii) Person, including another franchisee of Franchisor, that shares common or partial, direct or indirect ownership, and (iv) any Person that has an ownership interest in another entity, or that controls, is controlled by, or is under common control, directly or indirectly.

"**Affiliated Brand**" means an Affiliate of the Franchisor that offers franchises pursuant to a separate franchise agreement.

"**Approved Location**" means the Franchisor-approved site for the Franchised Business in the Protected Area that meets Franchisor's criteria, as specified in Attachment B.

"**Business Entity**" means a corporation, limited liability company, limited partnership, or other entity created pursuant to statutory authority.

**"Business Management System" or "BMS"** Refers to and means Franchisor's designated command center, the software and/or internet or cloud-based system or systems, point of sale system or systems, and/or customer relationship management system or systems as designated by Franchisor, in its sole discretion, as being required for use by Franchisee in connection with and the operations of the Franchised Business. From time to time, Franchisor reserves the right to modify and designate alternative BMS as Franchisor determines in its sole discretion. Without limitation to the foregoing, the BMS may include: (a) multiple point of sale systems or systems installed and maintained on-site at the location of Franchisee's Approved Location; (b) portable point of sale systems used by Franchisee at Third Party Sites; (c) web, intra-net or cloud based customer ordering, processing systems, production and service delivery systems; and/or (d) customer membership and rewards systems. The BMS or systems may, in whole or in part, include and utilize internet, intra-net and cloud based and accessed applications, software, databases and/or systems that require Franchisee to access such systems and information through the internet or a private network and that stores the data and information relating to the Franchised Business on off-site servers through accounts and/or servers controlled by Franchisor.

**"BMS Data"** Refers to and means the forms, data, tools, customer information and sales information that: (a) is pre-populated or entered into the BMS; (b) is entered, whether by Franchisor or Franchisee, into the BMS; and/or (c) is recorded, stored or maintained in the BMS.

"**Competitive Business**" means any business or enterprise that is the same as or similar to Snapology businesses, including without limitation any business or enterprises, franchised or non-franchised, that operates or grants franchises or licenses for services that provide curriculum-based courses, events, classes, and experiences using building toys, robotics, animation, coding, games, and engineering techniques, services, and products.

"**<u>Confidential Information</u>**" means all information, knowledge, elements, trade secrets, and know-how utilized or embraced by the System, or which otherwise concerns Franchisor's systems of operation, programs, services, products, customers, practices, materials, books, records, financial information, manuals, computer files, databases, or software; including, but not limited to: the Standards and all elements of the System and all products, services, equipment, technologies, policies, standards, requirements, criteria, and procedures which now or in the future are a part of the System; all information contained in the Manual, including supplements to the Manual; Franchisor's standards and specifications for product preparation, packaging, and service; all specifications, sources of supply, all procedures, systems, techniques and activities employed by Franchisor or by you in the offer and sale of products and/or services at or from the Franchised Business premises; all pricing paradigms established by Franchisor or by you; all of Franchisor's and/or your sources, or prospective sources, of supply and all information pertaining to same, including wholesale pricing structures, the contents of sourcing agreements, and the identity of vendors and suppliers; Franchisor's specifications; Curriculum, including Core Curriculum and Supplemental Curriculum; identity of and contents of the BMS and all BMS Data; the identify of, and all information relating to, the computer and POS hardware and software utilized by Franchisor and you; all information and data pertaining to Franchisor's and/or your advertising, marketing, promotion, and merchandising campaigns, activities, materials, specifications and procedures; information obtained through the Dashboard Access Agreement, attached hereto as <u>Attachment H</u>; all customer lists, Member Information, and records generated and/or otherwise maintained by your Franchised Business; all internet/web protocols, procedures, and content related to the System and your Franchised Business; Franchisor's training and other instructional programs and materials; all elements of Franchisor's recommended staffing, staff training, and staff certification policies and procedures; all communications between you and Franchisor, including the financial and other reports you are required to submit to Franchisor under this Agreement; additions to, deletions from, and modifications and variations of the components of the System and the other systems and methods of operations which Franchisor employs now or in the future; all other knowledge, trade secrets, or know-how concerning the methods of operation of your Franchised Business which may be communicated to you, or of which you may be apprised, by virtue of operation under the terms of the Franchise Agreement; and all other information, knowledge, and know-how which either Franchisor or its Affiliates, now or in the future, designate as "Confidential Information."

"**<u>Controlling Interest</u>**" means: (a) if you are a corporation or a limited liability company, that the Owners, either individually or cumulatively (i) directly or indirectly own more than 20% of the shares of each class of the developer entity's issued and outstanding capital stock or membership units, as applicable; and (ii) are entitled, under its governing documents and under any agreements among the Owners, to cast a sufficient number of votes to require such entity to take or omit to take any action which such entity is required to take or omit to take under this Agreement; or (b) if you are a partnership, that the Owners (i) own more than 20% interest in the operating profits and operating losses of the partnership as well as more than 20% ownership interest in the partnership (and more than 20% interest in the shares of each class of capital stock of any corporate general partner); and (ii) are entitled under its partnership agreement or applicable law to act on behalf of the partnership without the approval or consent of any other partner or be able to cast a sufficient number of votes to require the partnership to take or omit to take any action which the partnership is required to take or omit to take under this Agreement.

**"<u>Core Curriculum</u>**" refers to and means, as designated by Franchisor, at its sole discretion, a core suite of lesson plans comprised of lesson plans, curriculum, and program guides. Franchisor, in its sole discretion, may modify, replace, and/or substitute the programs comprising the Core Curriculum. Franchisee must use the Core Curriculum in the services offered by the Franchised Business.

**"<u>Corporate Entity</u>"** Refers to and means a corporation, limited liability company, partnership or other corporate legal entity that is not an individual person. A Competitive Business also includes any business acting as an area representative, franchise broker, business broker, franchise seller, area representative or the like for any business franchising or licensing Competitive Businesses other than us.

"**Crisis Management Event**" means any event that occurs at or about the Franchised Business premises or in connection with the operation of the Franchised Business that has or may cause harm or injury to customers or employees, such as food contamination, food spoilage/poisoning, food tampering/sabotage, contagious diseases, natural disasters, terrorist acts, personal injuries, shootings or other acts of violence, or any other circumstance which may materially and adversely affect the System or the goodwill symbolized by the marks.

**"Curriculum"** refers to and means the curriculum, course guides, program materials, and such other programs, materials, equipment and products that Franchisor designates from time to time and as may be modified, replaced and/or supplemented from time to time by Franchisor, at its sole discretion. Without limitation to the foregoing the Curriculum includes the Core Curriculum and the Supplemental Curriculum.

**"Designated Manager**" Refers to and means the individual Owner(s) or other manager responsible for the day to day oversight, management, and operation of the Franchised Business. Said individual must be approved by Franchisor in writing, as indicated in Attachment C.

"**Electronic Media**" shall include, but not be limited to, blogs, microblogs, social media and networking sites (such as Facebook, Instagram, and LinkedIn), video-sharing and photo-sharing sites (such as YouTube and TikTok), review sites (such as Yelp and Google), marketplace sites (such as eBay and Craigslist), Wikis, chat rooms, and virtual worlds.

"**Grand Opening Advertising Amount**" means the amount set forth in the Summary Page that Franchisee will spend in connection with the opening of the Franchised Business.

**"GAAP**" Refers to and means United States Generally Accepted Accounting Principles.

"**Gross Sales**" means the dollar aggregate of: (1) the sales price of all products, services, membership fees, merchandise and other items sold, and the charges for all services you perform, whether made for cash, on credit or otherwise, without reserve or deduction for inability or failure to collect, including sales and services (A) originating at the Franchised Business premises even if delivery or performance is made offsite from the Franchised Business premises, (B) placed by mail, facsimile, telephone, the internet and similar means if received or filled at or from the Franchised Business premises, and (C) that you in the normal and customary course of your operations would credit or attribute to the operation of the Franchised Business; and (2) all monies, trade value or other things of value that you receive from Franchised Business operations at, in, or from the Franchised Business premises that are not expressly excluded from Gross Sales, including but not limited to the redemption of approved gift cards/certificates, stored value cards, and loyalty program benefits (the initial sales or reloading of gift cards shall not be included in the calculation of Gross Sales) pursuant to the Customer Card Programs. Gross Sales does not include: (1) the exchange of merchandise between Franchised Businesses (if you operate multiple franchises) if the exchanges are made solely for the convenient operation of your business and not for the purpose of depriving us of the benefit of a sale that otherwise would have been made at, in, on or from the Franchised Business premises; (2) returns to shippers, vendors, or manufacturers; (3) sales of fixtures or furniture after being used in the conduct of the Franchised Business; (4) the sale of gift certificates and stored value cards (the redemption value minus administrative fees will be included in Gross Sales at the time of redemption); (5) insurance proceeds; (6) sales to employees at a discount (provided such discounts will not exceed 1.5% of Gross Sales during any reporting period); (7) cash or credit refunds for transactions included within Gross Sales (limited, however, to the selling price of merchandise returned by the purchaser and accepted by you); (8) the amount of any city, county, state or federal sales, luxury or excise tax on such sales that is both (A) added to the selling price or absorbed therein and (B) paid to the taxing authority; (9) tips and gratuities; (10) Gross Sales earned through an Affiliated Brand franchise operated at the Franchised Business premises, so long as such Gross Sales constitute gross sales (or equivalent) subject to a royalty fee and other fees under such Affiliated Brand's franchise agreement; and (11) rent or other consideration paid by an Affiliated Brand franchise for occupying the Franchised Business' premises. A purchase returned to the Franchised Business may not be deducted from Gross Sales unless the purchase was previously included in Gross Sales.

"**Ideas and Concepts**" means processes, innovations, improvements, ideas, concepts, methods, techniques, materials or customer information relating to the System, Confidential Information and/or Snapology Businesses that you or any of your Owners, Affiliates, personnel or independent contractors discovers, invents, creates, develops or derives from time to time in connection with the development or operation of the Franchised Business.

"**Initial Franchise Fee**" means the initial fee Franchisee must pay to Franchisor upon Franchisee's execution of this Agreement as set forth in Section 6.A. and in the amount set forth in the Summary Page.

"**Intellectual Property**" means all intellectual property or other proprietary rights throughout the world, whether existing under contract, statutes, convention, civil law, common law or any law whatsoever, now or hereafter in force or recognized, including (1) patents and rights to inventions; (2) trademarks, service marks, logos, trade dress and design rights; (3) works of authorship, including, without limitation, copyrights, source codes, moral rights, and neighboring rights; (4) trade secrets; (5) Ideas and Concepts; (6) publicity and privacy rights; (7) any rights analogous to those set forth herein and any other intellectual property and proprietary rights; (8) any application or right to apply for any of the rights referred to in subsections (1) through (7) above; and (9) any and all renewals, divisions, continuations, continuations-in-part, re-issuances, re-examinations, extensions and restorations of any of the foregoing (as applicable).

"**Local Marketing Expenditure**" means the amount Franchisee must spend monthly on local advertising for the Franchised Business in the Protected Area each month as set forth in Section 15.A and in the amount set forth in the Summary Page, as may be amended.

"**Manual**" or "**Operations Manual**" means the series of documents, publications, bulletins, materials, drawings, memoranda, CDs, DVDs, MP3s, and other media Franchisor may loan you from time-to-time, which sets forth the System's operating systems, procedures, policies, methods, standards, specifications, and requirements for operating your Franchised Business, and which contains information and knowledge necessary and material to the System, and designated by Franchisor as the mandatory guide for the development and operation of Snapology Businesses, including, without limitation, the confidential and proprietary Operations Manual and High School Manual, each as Franchisor may, in its sole discretion, revise, amend, modify, or update from time-to-time upon notice of such revisions, amendment, modification, or update to you or your Affiliates.

**"Office**" Refers to and means the home-based office from which a Snapology franchisee administratively manages a Snapology franchised business, as identified in Attachment B. To be an Office, the office must be located within the personal residence of a Snapology franchisee or if the franchisee is a Corporate Entity, an owner of a Snapology franchisee.

"**Owner(s)**" means any Person holding more than ten percent of the Stock in you and its officers, directors, and shareholders of a corporation, all managers and members of a limited liability company, all general and limited partners of a limited partnership, and the grantor and the trustee of the trust. If any Owner is a Person, then the term "Owner" also includes the Owners of that Business Entity.

"**Person**" means an individual (and the heirs, executors, administrators, or other legal representatives of an individual), a partnership, a corporation, a limited liability company, a government, or any department or agency thereof, trust, business trust, association, joint stock company, joint venture, sole proprietorship, unincorporated association or organization, or any other entity.

"**Proprietary Marks**" means the trade names, service marks, trademarks, logos, emblems, and indicia of origin as Franchisor may designate in writing for use in connection with the System, including, but not limited to, the collection of trademarks listed in the chart below for the country in which your Franchised Business is located.

"**Protected Area**" means the geographic area identified in Attachment B to this Agreement.

"**Renewal Fee**" means 15% of the then-current initial franchise fee plus reimbursement of legal and professional fees and other costs incurred by Franchisor in connection with the renewal.

"**Royalty Fee**" means the continuing royalty fee Franchisee must pay to Franchisor as set forth in Section 6.B.

**"Service Vehicle"** refers to and means a specially designated vehicle that is branded and wrapped in accordance with Franchisor's standards and specifications, has been approved by Franchisor in writing, and that is used by Franchisee in the operations of the Franchised Business. If Franchisee elects to lease or operate a Service Vehicle, Franchisee must obtain Franchisor's approval as to the approved wrap, brand identification, and vehicle type.

**"Snapology Business**" Refers to and means any businesses owned and/or operated by Franchisor, Franchisor's affiliates or an authorized franchisee or licensee that utilizes or is required to utilize the System or Proprietary Marks.

**"Snapology Event**" Refers to and means a paid event wherein Franchisee offers and provides the Services at a Third Party Site in accordance with the terms of this Agreement.

"**Standards**" means the standards, specifications, policies, procedures, and techniques that Franchisor has developed relating to the location, establishment, operation, and promotion of Franchisor's Franchised Businesses, all of which may be changed by Franchisor in its sole discretion. The Standards include, among other things: required and recommended business practices; product preparation techniques; presentation standards; standards and specifications for Franchised Business design and appearance; customer service standards; sales techniques and procedures; and other management, operational, and accounting procedures.

**"Supplemental Curriculum**" refers to and means, as designated by Franchisor, in its sole discretion and judgment, supplemental lesson plans, programs, and program topics that are not a part of the Core Curriculum and that may be offered by Franchisee in addition to the Core Curriculum as a part of the Services. Notwithstanding the foregoing, the Supplemental Curriculum may include expansion packs and enhancements to lesson plans, programs, and topics that are a part of the Core Curriculum.

**"Supplies**" Refers to and means the equipment and supplies designated by Franchisor as required for use in connection with Franchisee's Snapology Business and the Services. Without limitation to the foregoing, the Supplies shall include Snapology branded, non-branded and third-party branded equipment and supplies designated by Franchisor for use in connection with the day to day operations of Franchisees Snapology Business including, among other things: Curriculum, point of sale displays, uniforms, building kits, education kits, bricks and other building toys, stationary, sales slips, receipts, customer notices and other forms and materials, including those designated with and containing the Proprietary Marks. Supplies shall further include those products that Franchisor authorizes for sale to customers of Franchisee's Snapology Business.

**"Third Party Sites**" Refers to and means temporary third-party retail, commercial or community-based sites and venues such as schools, community centers, recreation centers and businesses located within Franchisee's Protected Area that are of the type and nature that are approved by Franchisor as sites from which Franchisee is authorized to offer and provide the Proprietary Products. Franchisor, in its sole discretion may, from time to time, determine and modify the types of locations that qualify as approved Third Party Sites from which Franchisee may offer and provide the Proprietary Products.

**"Stock"** means (a) all shares of capital stock (whether denominated as common stock or preferred stock), equity interests, beneficial, partnership or membership interests, joint venture interests, participations or other ownership or profit interests in or equivalents (regardless of how designated) of or in a Person (other than an individual), whether voting or non-voting, and all rights (including management rights) as and to become a member of any limited liability company; and (b) all securities convertible into or exchangeable for any other Stock and all warrants, options or other rights to purchase, subscribe for or otherwise acquire any other Stock, whether or not presently convertible, exchangeable or exercisable.

"**Transfer Fee**" means:

1) 50% of the then-current initial franchise fee if Controlling Interest is transferred to a new approved franchisee,

2) 25% of the then-current initial franchise fee if Controlling Interest is transferred to an approved existing franchisee who has already undergone Franchisor's initial training and any other required training and has at least one open and operating a Snapology franchised business; plus, reimbursement of legal and professional fees and other costs incurred by Franchisor in connection with the transfer, not to exceed $3,500, or

3) $3,500 if the Non-Controlling Interest is being transferred to an approved Owner *and* ii) limited to one time per rolling twelve-month period (otherwise, 25% of the then-current initial franchise fee).

**"Undertaking and Guaranty**" Refers to and means the form of agreement attached to this Agreement as Attachment C. The Undertaking and Guaranty is an agreement and Guaranty entered into by the Owners Franchisee and is entered into in their respective individual and personal capacities.

**"Website"** means an interactive electronic document, series of symbols, or otherwise, that is contained in a network of computers linked by communications software. The term Website includes, but is not limited to, Internet and World Wide Web home pages.

**US MARKS:**

| Mark | Registration Number | Registration Date |
|---|---|---|
| SNAPOLOGY | 4023579 | September 6, 2011 |
| | 7993844 | October 21, 2025 |
| | 4221339 | October 9, 2012 |
| | 5657566 | January 15, 2019 |

**SNAPOLOGY®**
**FRANCHISE AGREEMENT**

**ATTACHMENT B**

**PROTECTED AREA**

Section 1.A. The Office address is at: [_____].

Section 1.B. The Protected Area partially includes the following zip codes and the map, where boundaries of the map control if there is a conflict: [_____].

[MAP]

Section 3.A. If applicable, the Approved Location is at: [_____].

IN WITNESS WHEREOF, the undersigned, intending to be legally bound, have executed this Attachment B to be effective as of the Effective Date

| **FRANCHISOR:** | **FRANCHISEE:** |
|---|---|
| SNAPOLOGY, LLC,<br>a Pennsylvania limited liability company | [_______],<br>a [_______] |
| By: ____________________________________<br>Ani Mehta, its President | By: ____________________________________<br>[_______], its [_______] |

**SNAPOLOGY®**
**FRANCHISE AGREEMENT**

**ATTACHMENT C**

**FRANCHISEE'S OWNERS AND KEY PERSONNEL**

A. The following is a list of all shareholders, partners, members, or other investors owning a direct or indirect interest in the Franchisee, and a description of the nature of their interest, each of whom shall execute the Undertaking and Guaranty substantially in the form set forth in Attachment D to the Franchise Agreement:

| NAME, ADDRESS, TELEPHONE NUMBER, AND EMAIL | OWNERSHIP INTEREST IN FRANCHISEE | NATURE OF INTEREST |
|---|---|---|
| | | |
| | | |

B. The following is a list of all of Franchisee's Owners and key personnel, each of whom shall execute the Confidentiality Agreement and Non-Competition Agreement substantially in the form set forth in Attachment E to the Franchise Agreement:

| NAME, ADDRESS, TELEPHONE NUMBER, AND EMAIL | POSITION |
|---|---|
| | |
| | |

C. Franchisee's Designated Manager is: [_______].
Telephone Number: [_______].
Email Address: [_______].

D. Franchisor's Executive Owner: [_______].

E. Franchisee represents to Franchisor that the persons identified in this Attachment C, Sections A and B reflect a true and correct listing of the shareholders, partners, members, or other persons/companies owning a direct or indirect interest in the Franchisee and a true and correct description of the nature of their interest.

**FRANCHISEE:**

[_______],
a [_______]

By: ___________________________________
[_______], its [_______]

**SNAPOLOGY®**
**FRANCHISE AGREEMENT**

**ATTACHMENT D**

**UNDERTAKING AND GUARANTY**

By virtue of executing a Snapology® Franchise Agreement dated [_______] ("Franchise Agreement"), [_______] ("Franchisee") has acquired the right and franchise from Snapology, LLC ("Franchisor") to establish and operate a Snapology® business ("Franchised Business") and the right to use in the operation of the Franchised Business the Proprietary Marks and the System, as they may be changed, improved, and further developed from time-to-time in Franchisor's sole discretion.

Pursuant to the terms and conditions of the Franchise Agreement, each of the undersigned Owners hereby acknowledges and agrees as follows:

1. I have read the terms and conditions of the Franchise Agreement and acknowledge that the execution of this Undertaking and Guaranty and the undertakings of the Owners in the Franchise Agreement are in partial consideration for, and a condition to, the granting of the rights under the Franchise Agreement. I understand and acknowledge that Franchisor would not have granted such rights without the execution of this Undertaking and Guaranty and the other undertakings of the Owners in the Franchise Agreement.

2. I own a beneficial interest in the Franchisee, and I am included within the term "Owner" as defined in the Franchise Agreement.

3. I, individually and jointly and severally with the other Owners, hereby make all of the covenants, representations, warranties, and agreements of the Owners set forth in the Franchise Agreement, and agree that I am obligated to and will perform thereunder, including, without limitation, the provisions regarding compliance with the Franchise Agreement in Article 11, the use of confidential information in Article 14, the covenants in Article 14, the transfer provisions in Article 17, the choice of law and venue provisions in Article 23, and the indemnification obligations in Article 20.

4. I, individually and jointly and severally with the other Owners, unconditionally and irrevocably guarantee to Franchisor and its successors and assigns that all obligations of the Franchisee under the Franchise Agreement will be punctually paid and performed. Upon default by the Franchisee or upon notice from Franchisor, I will immediately make each payment and perform each obligation required of the Franchisee under the Franchise Agreement. Without affecting the obligations of any Owner under this or any other Undertaking and Guaranty, Franchisor may, without notice to any Owner, waive, renew, extend, modify, amend, or release any indebtedness or obligation of the Franchisee or settle, adjust, or compromise any claims that Franchisor may have against the Franchisee. I waive all demands and notices of every kind with respect to the enforcement of this Undertaking and Guaranty, including notices of presentment, demand for payment or performance by the Franchisee, any default by the Franchisee or any guarantor, and any release of any guarantor or other security for this Undertaking and Guaranty or the obligations of the Franchisee. Franchisor may pursue its rights against me without first exhausting its remedies against the Franchisee and without joining any other guarantor and no delay on the part of Franchisor in the exercise of any right or remedy will operate as a waiver of the right or remedy, and no single or partial exercise by Franchisor of any right or remedy will preclude the further exercise of that or any other right or remedy. Upon Franchisor's receipt of notice of the death of any Owner, the estate of the deceased will be bound by the foregoing Undertaking and Guaranty, but only for defaults and obligations under the Franchise Agreement existing at the time of death, and in that event, the obligations of the Owners who survive such death will continue in full force and effect.

5. No modification, change, impairment, or suspension of any of Franchisor's rights or remedies shall in any way affect any of my obligations under this Undertaking and Guaranty. If the Franchisee has pledged other security or if one or more other persons have personally guaranteed performance of the Franchisee's obligations, I agree that Franchisor's release of such security will not affect my liability under this Undertaking and Guaranty.

6. I agree that any notices required to be delivered to me will be deemed delivered at the time delivered by hand; one Business Day after delivery by Express Mail or other recognized, reputable overnight courier; or three Business Days after placement in the United States Mail by Registered or Certified Mail, Return Receipt Requested, postage prepaid and addressed to the address identified on the signature line below. I may change this address only by delivering to Franchisor written notice of the change.

7. I understand that Franchisor's rights under this Undertaking and Guaranty shall be in addition to, and not in lieu of, any other rights or remedies available to Franchisor under applicable law;

8. I agree to be bound individually to all of the provisions of the Franchise Agreement including, without limitation, the litigation and dispute resolution provisions set forth in Article 23 and I irrevocably submit to the jurisdiction of the state and federal courts serving the judicial district in which Franchisor's principal headquarters are located at the time litigation is commenced. I hereby irrevocably submit to the exclusive jurisdiction of such courts and specifically waive any objection I may have to either the jurisdiction or exclusive venue of such courts.

9. **I WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM, WHETHER AT LAW OR IN EQUITY, INVOLVING FRANCHISOR, WHICH ARISES OUT OF OR IS RELATED IN ANY WAY TO THE FRANCHISE AGREEMENT, THE PERFORMANCE OF ANY PARTY UNDER THE FRANCHISE AGREEMENT, AND/OR THE OFFER OR GRANT OF THE FRANCHISE**.

10. This Agreement shall be construed under the laws of the State of Texas. The only way this Agreement can be changed is in writing signed by Franchisor. Any capitalized terms contained in but not defined by this Guaranty and Personal Undertaking shall have the same meaning prescribed to that word in the Franchise Agreement.

11. Should this Agreement be signed or endorsed by more than one person or entity, all of the obligations herein contained shall be considered the joint and several obligations of each signatory.

12. DISPUTE RESOLUTIONS BY BINDING ARBITRATION.

12.1 Any dispute or claim between the Franchisee and Owners, and the Franchisor, including but not limited to any dispute or claim arising out of or relating in any way to

(i) this Agreement or any other agreement Franchisee and Owners, and the Franchisor,

(ii) the offer and sale of the franchise opportunity,

(iii) any representations made prior to the execution of this Agreement,

(iv) the validity, enforceability, or scope of this Agreement and this arbitration agreement, and

(v) the relationship of the parties

must be submitted to binding arbitration before the American Arbitration Association ("AAA") pursuant to its Commercial Arbitration Rules in effect at the time the arbitration demand is filed. The AAA rules are available online at http://www.adr.org. The only disputes or claims that shall not be subject to arbitration shall be those that relate to the protection or enforcement of Franchisor's rights in and to intellectual property (including, but not limited to, the

Proprietary Marks). The number of arbitrators shall be one. This arbitration agreement and the arbitration shall be subject to and governed by the Federal Arbitration Act, and not any state arbitration law.

12.2 Franchisee and Owners, and the Franchisor agree that arbitration will be conducted on an individual, not a class-wide or representative basis, that only Franchisee and Owners, and the Franchisor may be the parties to any arbitration proceeding described in this Section, and that no such arbitration proceeding may be consolidated or joined with another arbitration proceeding involving Franchisee and Owners, and the Franchisor or any other person or entity. The arbitrator shall have no power to preside over or consider any form representative, joint, consolidated, collective or class proceeding. Despite the foregoing or anything to the contrary in this Section, if any court or arbitrator determines that all or any part of this Section is unenforceable with respect to a dispute that otherwise would be subject to arbitration, then the parties agree that this arbitration clause will not apply to that dispute, and such dispute will be resolved in a judicial proceeding in accordance with Section 12.11.

12.3 Franchisee and Owners, and the Franchisor are bound by any limitation under this Agreement or applicable law, whichever expires first, on the timeframe in which claims must be brought. Franchisee and Owners, and the Franchisor Parties further agree that, in connection with any arbitration proceeding, each must submit or file any claim constituting a compulsory counterclaim (as defined by the then-current Rule 13 of the Federal Rules of Civil Procedure) within the same proceeding as the claim to which it relates. Any such claim not submitted or filed in the proceeding will be barred. The arbitrator does not have the right to consider any settlement discussions or offers made by Franchisee and Owners, and the Franchisor.

12.4 Unless prohibited by law, the arbitration shall occur in Tarrant County, Texas. The arbitrator will have no authority to select a different hearing locale other than as described in the prior sentence.

12.5 Except as may be required by law, neither Franchisee and Owners, and the Franchisor, nor an arbitrator may disclose the existence, content, or results of any arbitration under this Section without the prior written consent of all parties.

12.6 The arbitrator must follow, and may not disregard, the governing law.

12.7 The arbitrator has the right to award any relief he or she deems proper in the circumstances, including money damages (with interest on unpaid amounts from the date due), specific performance, injunctive relief, and attorneys' fees and costs (in accordance with Section 12.12.), provided that Franchisee and Owners, and the Franchisor waive to the fullest extent the law permits any right to or claim for any punitive, exemplary, treble, and other forms of multiple damages against the other. The arbitrator's award and decision will be conclusive and bind all parties covered by this Section, and judgment upon the award may be entered in a court specified or permitted in Section 12.10. below.

12.8 The decision of the arbitrator will be final and binding on all parties to the dispute. A judgment may be entered upon the arbitration award in any federal or state court having jurisdiction.

12.9 Despite the existence of the arbitration clause, the parties shall have the right to seek temporary restraining orders, preliminary injunctions, and similar equitable relief from a court pending arbitration of the merits of the claims. Any injunctive relief may be given without the necessity of Franchisor posting bond or other security and any such bond or other security is hereby waived.

12.10 To the fullest extent permitted by law, the parties agree that any actions permitted to be brought under this Agreement by either party in any court may only be brought in a federal or state court serving the judicial district in which Franchisor's principal headquarters is located at the time litigation is commenced. Owners hereby irrevocably submit to the jurisdiction of the federal and state courts serving the judicial district in which Franchisor's principal headquarters is located at the time litigation is commenced and waive any objection you may have to the jurisdiction of or venue in such courts.

12.11 Subject to the arbitration obligations in this Section 12, any judicial action must be brought in a court of competent jurisdiction in the state, and in (or closest to) the county where the Franchisor's principal place of business is then located. Each of the parties irrevocably submits to the jurisdiction of such courts and waives any objection to such jurisdiction or venue. Notwithstanding the foregoing, Franchisor may bring an action for a temporary restraining order or for temporary or preliminary injunctive relief, or to enforce an arbitration award or judicial decision, in any federal or state court in the county in which Franchisee and Owners reside or the Franchised Business is located.

12.12 If any party commences a legal action against the other party arising out of or in connection with this Agreement, the prevailing party shall be entitled to have and recover from the other party its reasonable attorneys' fees and costs of suit.

IN WITNESS WHEREOF, the undersigned, intending to be legally bound, has executed this Undertaking and Guaranty to be effective on the day and year first written above.

**OWNER**

| | |
|---|---|
| ______________________________<br>[_______] | ______________________________<br>[_______] |
| ______________________________<br>[_______] | ______________________________<br>[_______] |
| ______________________________<br>[_______] | ______________________________<br>[_______] |

**SNAPOLOGY®**
**FRANCHISE AGREEMENT**

**ATTACHMENT E**

**CONFIDENTIALITY AND NON-COMPETITION AGREEMENT**

In consideration of my being an Owner of [_______] ("Franchisee") and by virtue of executing a Snapology Franchise Agreement dated [_______] ("Franchise Agreement") and this Confidentiality and Non-Competition Agreement (herein, "Agreement"), and other good and valuable consideration, the receipt and sufficiency of which is acknowledged, I hereby acknowledge and agree as follows:

1. Through the Franchise Agreement, Franchisee has acquired the right and franchise from Snapology, LLC ("Franchisor") to establish and operate a Snapology® franchise facility ("Franchised Business") and the right to use in the operation of the Franchised Business the Proprietary Marks and the System, as they may be changed, improved, and further developed from time-to-time in Franchisor's sole discretion.

2. Franchisor possesses certain proprietary and confidential information, knowledge, elements, and know-how which is utilized in the operation of the System, including, without limitation, the Manual, Proprietary Products, Intellectual Property Confidential Information and other techniques and know-how which concerns Franchisor's systems of operation, programs, services, products, customers, practices, materials, books, records, financial information, manuals, computer files, databases, or software, as further described in the Franchise Agreement.

3. In addition to the Confidential Information identified in the Franchise Agreement, any and all manuals, trade secrets, copyrighted materials, methods, information, knowledge, know-how, and techniques which Franchisor specifically designates as confidential shall be deemed to be Confidential Information for purposes of this Agreement.

4. I acknowledge that, in my position with the Franchisee, Franchisor and Franchisee have or will furnish me with valuable specialized training and will disclose Confidential Information to me in furnishing to me the training program and subsequent ongoing training and other general assistance during the term of this Agreement.

5. I will not acquire any interest in the Confidential Information, other than the right to utilize it in the operation of the Franchised Business during the term hereof, and I acknowledge that the use or duplication of the Confidential Information for any use outside the System would constitute an unfair method of competition.

6. The Confidential Information is proprietary, involves trade secrets of Franchisor, and is disclosed to me solely on the condition that I agree, and I do hereby agree, that I shall hold in strict confidence all Confidential Information and all other information designated by Franchisor as confidential. Unless Franchisor otherwise agrees in writing, I will not disclose and/or use the Confidential Information except in connection with the operation of the Franchised Business as an Owner of the Franchisee, and then only in strict compliance with the Manual and System and only to such employees having a need to know; I will not directly or indirectly imitate, duplicate, or "reverse engineer" any Confidential Information or any other information designated by Franchisor as confidential or aid any third party in such actions; and I will continue not to disclose and/or use any Confidential Information or any other information designated by Franchisor as confidential even after I cease to be in that position unless I can demonstrate that such information has become generally known or easily accessible other than by the breach of an obligation of Franchisee under the Franchise Agreement.

7. Except as otherwise approved in writing by Franchisor, I will not (either directly or indirectly, for myself or through, on behalf of, or in conjunction with any person, or legal entity) at any time while I am employed by or associated with the Franchisee, or at any time during the uninterrupted two (2)-year period (which will be tolled during any period of noncompliance) after I cease to be employed by or associated with the Franchisee (or the two (2)-year period after the expiration or earlier termination of the Franchise Agreement, whichever occurs first):

   (a) Divert or attempt to divert, or solicit or attempt to solicit, any present or prospective customer of any Snapology Business to any Competitive Business, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act that is harmful, injurious, or prejudicial to the goodwill associated with the Proprietary Marks and the System defined and described in the Franchise Agreement; or

   (b) Own, maintain, advise, operate, engage in, be employed by, make loans to, invest in, provide any assistance to, or have any direct or indirect interest in (as owner or otherwise) or relationship or association with, any Competitive Business other than Snapology Businesses pursuant to a then-currently effective Franchise Agreement with Franchisor. While I am employed by or associated with the Franchisee, this restriction shall apply to any location within the United States, its territories or commonwealths, and any other country, province, state, or geographic area in which Franchisor or its Affiliates have used, sought registration of, or registered the Proprietary Marks or similar marks, or have operated or licensed others to operate a business under the System or the Proprietary Marks or similar marks. After I cease to be employed by or associated with the Franchisee (or after the expiration or earlier termination of the Franchise Agreement, whichever occurs first), this restriction shall apply to any Competitive Business that either: (a) is, or is intended to be, located (i) in the Protected Area in which the Snapology Business was operated; or (ii) within 25 miles of the location of any other Snapology Business operating under the System and Proprietary Marks in existence or under development at the time of such termination or transfer; or (b) delivers services through the internet or mobile channels to customers within the borders of the Protected Area in which the Franchised Business was operated.

   I acknowledge that for purposes of this Agreement, "Competitive Business" means any business or enterprise that is the same or similar to Snapology businesses, including without limitation any business or enterprise, franchised or non-franchised, that operates or grants franchises or licenses for the operation of any business that provides curriculum-based courses, events, classes, and experiences using building toys, robotics, animation, coding, games, and engineering techniques, services, and products.

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

9. I understand and acknowledge that Franchisor shall have the right, in its sole discretion, to reduce the scope of any covenant set forth in this Agreement, or any portion thereof, without my consent, effective immediately upon receipt by me of written notice thereof, and I agree to comply forthwith with any covenant as so modified.

10. Franchisor is a third-party beneficiary of this Agreement and may enforce it, solely and/or jointly with the Franchisee. I am aware that my violation of this Agreement will cause Franchisor and the Franchisee irreparable harm; therefore, I acknowledge and agree that the Franchisee and/or

Franchisor may apply for the issuance of an injunction preventing me from violating this Agreement, and I agree to pay the Franchisee and Franchisor all the costs it/they incur(s), including, without limitation, legal fees and expenses, if this Agreement is enforced against me. Due to the importance of this Agreement to the Franchisee and Franchisor, any claim I have against the Franchisee or Franchisor is a separate matter and does not entitle me to violate or justify any violation of this Agreement.

11. This Agreement shall be construed under the laws of the State of Texas. The only way this Agreement can be changed is in writing signed by both the Franchisee and me. Any capitalized terms contained in but not defined by this Confidentiality and Non-Competition Agreement shall have the same meaning prescribed to that word in the Franchise Agreement.

12. DISPUTE RESOLUTIONS BY BINDING ARBITRATION.

12.1 Any dispute or claim between the Franchisee and Owners, and the Franchisor, including but not limited to any dispute or claim arising out of or relating in any way to

(i) this Agreement or any other agreement Franchisee and Owners, and the Franchisor,

(ii) the offer and sale of the franchise opportunity,

(iii) any representations made prior to the execution of this Agreement,

(iv) the validity, enforceability, or scope of this Agreement and this arbitration agreement, and

(v) the relationship of the parties

must be submitted to binding arbitration before the American Arbitration Association ("AAA") pursuant to its Commercial Arbitration Rules in effect at the time the arbitration demand is filed. The AAA rules are available online at http://www.adr.org. The only disputes or claims that shall not be subject to arbitration shall be those that relate to the protection or enforcement of Franchisor's rights in and to intellectual property (including, but not limited to, the Proprietary Marks). The number of arbitrators shall be one. This arbitration agreement and the arbitration shall be subject to and governed by the Federal Arbitration Act, and not any state arbitration law.

12.2 Franchisee and Owners, and the Franchisor agree that arbitration will be conducted on an individual, not a class-wide or representative basis, that only Franchisee and Owners, and the Franchisor may be the parties to any arbitration proceeding described in this Section, and that no such arbitration proceeding may be consolidated or joined with another arbitration proceeding involving Franchisee and Owners, and the Franchisor or any other person or entity. The arbitrator shall have no power to preside over or consider any form representative, joint, consolidated, collective or class proceeding. Despite the foregoing or anything to the contrary in this Section, if any court or arbitrator determines that all or any part of this Section is unenforceable with respect to a dispute that otherwise would be subject to arbitration, then the parties agree that this arbitration clause will not apply to that dispute, and such dispute will be resolved in a judicial proceeding in accordance with Section 12.11.

12.3 Franchisee and Owners, and the Franchisor are bound by any limitation under this Agreement or applicable law, whichever expires first, on the timeframe in which claims must be brought. Franchisee and Owners, and the Franchisor Parties further agree that, in connection with any arbitration proceeding, each must submit or file any claim constituting a compulsory counterclaim (as defined by the then-current Rule 13 of the Federal Rules of Civil Procedure) within the same proceeding as the claim to which it relates. Any such claim not submitted or filed in the proceeding will be barred. The arbitrator does not have the right to consider any settlement discussions or offers made by Franchisee and Owners, and the Franchisor.

12.4 Unless prohibited by law, the arbitration shall occur in Tarrant County, Texas. The arbitrator will have no authority to select a different hearing locale other than as described in the prior sentence.

12.5 Except as may be required by law, neither Franchisee and Owners, and the Franchisor, nor an arbitrator may disclose the existence, content, or results of any arbitration under this Section without the prior written consent of all parties.

12.6 The arbitrator must follow, and may not disregard, the applicable law.

12.7 The arbitrator has the right to award any relief he or she deems proper in the circumstances, including money damages (with interest on unpaid amounts from the date due), specific performance, injunctive relief, and attorneys' fees and costs (in accordance with Section 12.12.), provided that Franchisee and Owners, and the Franchisor waive to the fullest extent the law permits any right to or claim for any punitive, exemplary, treble, and other forms of multiple damages against the other. The arbitrator's award and decision will be conclusive and bind all parties covered by this Section, and judgment upon the award may be entered in a court specified or permitted in Section 12.10. below.

12.8 The decision of the arbitrator will be final and binding on all parties to the dispute. A judgment may be entered upon the arbitration award in any federal or state court having jurisdiction.

12.9 Despite the existence of the arbitration clause, the parties shall have the right to seek temporary restraining orders, preliminary injunctions, and similar equitable relief from a court pending arbitration of the merits of the claims. Any injunctive relief may be given without the necessity of Franchisor posting bond or other security and any such bond or other security is hereby waived.

12.10 To the fullest extent permitted by law, the parties agree that any actions permitted to be brought under this Agreement by either party in any court may only be brought in a federal or state court serving the judicial district in which Franchisor's principal headquarters is located at the time litigation is commenced. Owners hereby irrevocably submit to the jurisdiction of the federal and state courts serving the judicial district in which Franchisor's principal headquarters is located at the time litigation is commenced and waive any objection you may have to the jurisdiction of or venue in such courts.

12.11 Subject to the arbitration obligations in this Section 12, any judicial action must be brought in a court of competent jurisdiction in the state, and in (or closest to) the county where the Franchisor's principal place of business is then located. Each of the parties irrevocably submits to the jurisdiction of such courts and waives any objection to such jurisdiction or venue. Notwithstanding the foregoing, Franchisor may bring an action for a temporary restraining order or for temporary or preliminary injunctive relief, or to enforce an arbitration award or judicial decision, in any federal or state court in the county in which Franchisee and Owners reside or the Franchised Business is located.

12.12 If any party commences a legal action against the other party arising out of or in connection with this Agreement, the prevailing party shall be entitled to have and recover from the other party its reasonable attorneys' fees and costs of suit.

13. With respect to all claims, controversies and disputes, I irrevocably consent to personal jurisdiction and submit myself to the jurisdiction of the federal and state courts serving the judicial district in which Franchisor's principal headquarters are located at the time litigation is commenced. I hereby irrevocably submit to the exclusive jurisdiction of such courts and specifically waive any objection I may have to either the jurisdiction or exclusive venue of such courts. Further, I acknowledge that

this Agreement has been entered into in the state of Texas, and that I am to receive valuable information emanating from Franchisor's headquarters in Bedford, Texas. In recognition of the information and its origin, I hereby irrevocably consent to the personal jurisdiction of the state and federal courts of Texas. Notwithstanding the foregoing, I acknowledge and agree that Franchisor may bring and maintain an action against me in any court of competent jurisdiction for injunctive or other extraordinary relief against threatened conduct that will cause it loss or damages, under the usual equity rules, including the applicable rules for obtaining restraining orders and preliminary and permanent injunctions.

14. **I WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM, WHETHER AT LAW OR IN EQUITY, INVOLVING FRANCHISOR, WHICH ARISES OUT OF OR IS RELATED IN ANY WAY TO THIS AGREEMENT, THE FRANCHISE AGREEMENT, THE PERFORMANCE OF ANY PARTY UNDER THE FRANCHISE AGREEMENT, AND/OR THE OFFER OR GRANT OF THE FRANCHISE**.

15. Should this Agreement be signed or endorsed by more than one person or entity, all of the obligations herein contained shall be considered the joint and several obligations of each signatory.

**IN WITNESS WHEREOF**, the undersigned, intending to be legally bound, have executed this Confidentiality and Non-Competition Agreement to be effective on the day and year first written above.

| | |
|---|---|
| ______________________________ | ______________________________ |
| [_______] | [_______] |
| ______________________________ | ______________________________ |
| [_______] | [_______] |
| ______________________________ | ______________________________ |
| [_______] | [_______] |

**ACKNOWLEDGED BY FRANCHISEE:**

[_______],
a [_______]

By: ______________________________
[_______], its [_______]

**SNAPOLOGY®**
**FRANCHISE AGREEMENT**

**ATTACHMENT F**

**TELEPHONE NUMBERS ASSIGNMENT AGREEMENT**

This Telephone Numbers Assignment Agreement is made on [_______], by and between [_______] ("Assignor") and Snapology, LLC or its designee ("Assignee").

## BACKGROUND

A. The Assignee has developed and owns the proprietary system ("System") for the operation of a facility under the trademark and logo Snapology® ("Franchised Business");

B. The Assignor has been granted a license to operate a Franchised Business pursuant to a Franchise Agreement dated [_______], in accordance with the System;

C. To operate its Franchised Business, the Assignor shall be acquiring one or more telephone numbers, telephone listings and telephone directory advertisements; and

D. As a condition to the execution of the Franchise Agreement, the Assignee has required that the Assignor assign all of its right, title and interest in its telephone numbers, telephone listings and telephone directory advertisements to the Assignee in the event of a termination of the Franchise Agreement.

## AGREEMENT

In consideration of the foregoing, the mutual premises herein contained and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto, intending to be legally bound, hereby agree as follows:

1. Assignment. In the event of termination of the Franchise Agreement, and in order to secure continuity and stability of the operation of the System, the Assignor hereby sells, assigns, transfers and conveys to the Assignee all of its rights, title and interest in and to certain telephone numbers, telephone listings and telephone directory advertisements pursuant to which Assignor shall operate its Franchised Business in accordance with the terms of the Franchise Agreement; provided, however, such Assignment shall not be effective unless and until the Franchise Agreement is terminated in accordance with the provisions thereof.

2. Representation and Warranties of the Assignor. The Assignor hereby represents, warrants and covenants to the Assignee that:

   (a) As of the effective date of the Assignment, all of the Assignor's obligations and indebtedness for telephone, telephone listing services and telephone directory advertisement services shall be paid and current;

   (b) As of the date hereof, the Assignor has full power and legal right to enter into, execute, deliver and perform this Agreement;

   (c) This Agreement is a legal and binding obligation of the Assignor, enforceable in accordance with the terms hereof;

   (d) The execution, delivery and performance of this Assignment does not conflict with, violate, breach or constitute a default under any contract, agreement or instrument to which the

Assignor is a party or by which the Assignor is bound, and no consent of nor approval by any third party is required in connection herewith; and

(e) The Assignor has the specific power to assign and transfer its right, title and interest in its telephone numbers, telephone listings and telephone directory advertisements, and the Assignor has obtained all necessary consents to this Assignment.

3. Miscellaneous. The validity, construction and performance of this Assignment shall be governed by the laws of the State of Texas. All agreements, covenants, representations, and warranties made herein shall survive the execution hereof. All rights of the Assignee shall inure to its benefit and to the benefit of its successors and assigns.

IN WITNESS WHEREOF, the undersigned, intending to be legally bound, have executed this Telephone Numbers Assignment Agreement to be effective on the day and year first written above.

| | |
|---|---|
| **ASSIGNEE:**<br>SNAPOLOGY, LLC,<br>a Pennsylvania limited liability company | **ASSIGNOR:**<br>[________],<br>a [________] |
| By: ____________________________________<br>Ani Mehta, its President | By: ____________________________________<br>[________], its [________] |

**SNAPOLOGY®**
**FRANCHISE AGREEMENT**

**ATTACHMENT G**

**ACH AUTHORIZATION AGREEMENT**

By executing below, the undersigned Franchisee authorizes SNAPOLOGY, LLC ("Franchisor"), or its agents, assigns, or representatives, to credit or debit the account identified below to pay all fees, charges, and any other amounts Franchisee owes Franchisor or its parents, affiliates, or subsidiaries pursuant to the applicable Franchise Agreement, as amended, and any other agreements entered into between Franchisor and Franchisee, including, but not limited to, reimbursable or pass through expenses, the cost of any products or services Franchisee purchases from Franchisor, and, if necessary, to initiate adjustments for any transactions debited or credited in error. These debits and credits are related to the operation of the franchised business and the amount of each debit or credit will vary from month-to-month. This authorization will remain in full force and effect until Franchisor has received written notification from Franchisee of its termination in such time and in such manner as to afford Franchisor a reasonable opportunity to act on it. Termination of this authorization may result in your Franchise Agreement being terminated unless an alternate means of payment acceptable to Franchisor is provided.

**Terms of Billing:**

Starting immediately and continuing thereafter until your Franchise Agreement has expired or been terminated or alternate means of payment are approved by Franchisor, Franchisee authorizes Franchisor to initiate either an electronic debit or credit or to create and process a demand draft against my bank account listed below on or about the 15th day of each month for those sums authorized herein.

Franchisee's Bank Name: ______________________________

Bank ABA Number (Routing Number): ______________________________

Bank Account Number: ______________________________

Bank Account Type (Checking/Savings): ______________________________

Franchisee Federal Tax ID Number: ______________________________

Territory Name: ______________________________

Franchisee (Insert legal name): ____________________________________

By: ________________________________________
Printed Name: ________________________________
Title: _______________________________________
Date: _______________________________________

**SNAPOLOGY®**
**FRANCHISE AGREEMENT**

**ATTACHMENT H**

# DASHBOARD ACCESS AGREEMENT

This Dashboard Access Agreement ("Agreement") is entered into by Franchisor and Franchisee effective as of the Effective Date and amends the terms of the franchise agreement entered into by the parties ("Franchise Agreement"). Capitalized terms not defined herein have the meaning ascribed in the Franchise Agreement.

WHEREAS, Franchisor created an online dashboard through Microsoft's Power BI to provide Snapology franchisees access to certain data, including, but not limited to, sales, operating expenses, membership sales and data, net promoter score, labor costs, and such other information as identified by Franchisor ("Data"); and

WHEREAS, Franchisee desires to purchase an optional license for Power BI through Franchisor, view the Data provided by Franchisee and others, and share its Data on Power BI such that it is visible to other Snapology franchisees.

In light of the foregoing recitals and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties agree as follows:

1. LICENSE. Franchisee acknowledges its desire to purchase ___________ (insert number of licenses to be purchased) twelve-month Power BI license(s) and agrees to reimburse Franchisor the License Fee (as defined below) charged by Microsoft for each Power BI license purchased. The "License Fee" shall equal $10.00 per month per license plus applicable taxes, as such fee may be increased by Microsoft from time-to-time. Franchisor acknowledges the License Fee does not include any markup or rebate. Franchisee agrees Franchisor may bill the License Fee through the monthly royalty invoice and collect the License Fee pursuant to Franchisee's ACH Authorization on file. If there is no ACH Authorization on file, then Franchisee shall remit payment to Franchisor by the deadline by which royalties are due Franchisor under the Franchise Agreement. Time is of the essence in the performance of the payment obligations hereunder, and violations of this Agreement constitute a violation under the Franchise Agreement. Access to Power BI is subject to all restrictions set forth in the Operations Manual and Microsoft's terms, conditions, and license agreement available at https://powerbi.microsoft.com/en-us/windows-license-terms, which is incorporated herein. If Microsoft audits Franchisor's account and determines additional fees are due because of your violation of the terms, conditions, and license agreement, then Franchisee agrees to pay such sum to Franchisor upon request.

2. SHARING OF AND ACCESS TO DATA. Franchisee acknowledges (a) Franchisor may share Franchisee's Data with other Snapology franchisees through the Power BI platform and such other platforms as identified by Franchisor and (b) the Data may be anonymous with respect to those Snapology franchisees who do not execute this Agreement. Franchisor makes no warranty or representation the Data will be representative of all Snapology franchisees. Further, Franchisee acknowledges and agrees it will access and use the Data solely with its efforts to improve the operation of its franchised business pursuant to the Franchise Agreement, and such Data is not provided in connection with the offer or sale of a franchise.

3. CONFIDENTIALITY. Franchisee agrees all Data Franchisor makes available to Franchisee through Power BI is Confidential Information as defined in the Franchise Agreement, and subject to confidentiality obligations and restrictive covenants set forth therein.

4. MISCELLANEOUS TERMS. This Agreement reflects the entire understanding of the parties regarding the subject matter hereof, may only be modified in writing, and supersedes any inconsistent or conflicting provisions of the Franchise Agreement. The remaining terms of the Franchise Agreement are unaffected

by this Agreement and remain binding on the parties. The parties sign and deliver this Agreement to each other as shown below.

6. USERS. Please identify the users (not to exceed 3 – if you need more than 3, please submit a Zendesk ticket) who will receive a license, their email, and role:

____________________(Name) ____________________________(Email) _______________(Role)

____________________ (Name) ____________________________ (Email) _______________(Role)

______________________________________________________________________(Location Name(s))

___________________________________ (Location to Bill)

| | |
|---|---|
| **FRANCHISOR**: | **FRANCHISEE**: |
| SNAPOLOGY, LLC,<br>a Pennsylvania limited liability company | [_______],<br>a [_______] |
| By: ___________________________________<br>Ani Mehta its President | By: ___________________________________<br>[_______], its [_______] |

**SNAPOLOGY®**
**FRANCHISE AGREEMENT**

**ATTACHMENT I**

# TERRITORY OPERATING PROCEDURE AMENDMENT TO FRANCHISE AGREEMENT

This Territory Operating Procedure Amendment to Franchise Agreement ("Amendment") made and entered into on the effective date in the Summary below ("Effective Date"), by and between Snapology LLC, a Pennsylvania limited liability company ("Franchisor"), and amends the franchise agreement ("Franchise Agreement") and operating territory ("Protected Area") by and between Franchisor, Franchisee, and its guarantor(s) (signed on their behalf by an authorized signatory) indicated in the Summary below.

## SUMMARY

Effective Date of Amendment: ________________

Reservation Fee: ___________

Franchisee: ________________

Franchise Agreement Effective Date: ________________

Protected Area: ________________

## BACKGROUND

WHEREAS, Franchisee desires to provide services outside of the Protected Area (as the term is defined in the Franchise Agreement), where such rights do not exist in the Franchise Agreement; and

WHEREAS, Franchisor provides consent to such activities pursuant to the terms of this Amendment, where both parties agree that this Amendment is not an development or multi-unit agreement, nor does it provide any right of first refusal to the Franchisee.

## AGREEMENT

**NOW, THEREFORE**, in consideration of the covenants herein and for other consideration, the receipt of sufficiency of which is acknowledged, the parties hereto intending to be legally bound, do agree as follows:

1. TRIAL OPERATION. The first paragraph of Section 3.F. of the Franchise Agreement is amended with the following:

" (1) In consideration of Franchisee's payment amount indicated in the Territory Operating Procedure Amendment ("Reservation Fee") to Franchisor and the general release below, Franchisor shall grant Franchisee a limited right to provide services pursuant to the Franchise Agreement only for specific events outside of the Protected Area (each an "Approved Event"). The physical location of any Approved Events shall not overlap onto or contain any portion of the Protected Area of another Snapology franchisee at any time, and, in no event, shall extend 25 miles in any direction past the outside boundary of the Franchisee's Protected Area in the Franchise Agreement ("TOP Territory"). If at any time the Approved Event violates the terms of this Amendment, the approval for the Approved Event is automatically revoked. If Franchisor obtains a Snapology franchisee that will operate in the TOP Territory, Franchisee forfeits the TOP Territory and approval for any Approved Events are revoked, and Franchisee is required to provide to Franchisor a list of all upcoming Approved Events and transition all booked Approved Events and revenue generated from those Approved Events to the new Snapology franchisee. Franchisor shall determine a suitable timeline for such transition of Approved Events, which Franchisee shall be required to follow.

(2) Franchisee shall submit Approved Events where Franchisee desires to provide Snapology services to Franchisor for approval before provision of such services, which Franchisor shall

approve or deny within a reasonable period not to exceed 15 business days. Franchisee must obtain approval for each Approved Event, *i.e.*, for the specific date(s), location, business partner and program of each event through Franchisor's designated approval process. Approval for previously held Approved Events does not mean that Franchisor approves future Approved Events; if Franchisee desires to hold an Approved Event again, Franchisee must obtain approval from Franchisor again. Franchisee shall not offer services pursuant to this Section without Franchisor's express written approval. If Franchisor does not provide written approval, then the request is automatically denied. If Franchisee violates this subsection, then Franchisor reserves the right to charge franchisee a $500 administrative fee for every violation, in addition to Royalty Fees collected.

(3) Franchisee shall provide Snapology services for Approved Event, and all such revenue generated shall be subject to the terms of the Franchise Agreement, including all payment of fees. In any three (3)-month period, Gross Sales generated from Approved Events in the TOP Territory shall not exceed 15% of the Gross Sales generated in the Protected Area; upon such event, Franchisor shall deny any further requests from Franchisee for Approved Events.

(4) Franchisee is prohibited from marketing and advertising outside of their Protected Area (i.e., may not market in the TOP Territory), and otherwise soliciting customers outside of its Protected Area. These prohibitions include but are not limited to communications and/or contacts occurring through in person contact, telephone, mail, e-mail, direct mail, distributed print media, social media, digital media, and all other direct and indirect advertising and marketing directed toward customers, potential customers, or referral sources of a Snapology Business or Third-Party Sites.

(5) The right to provide Snapology services for Approved Events under this Section expires on the one-year anniversary of the Effective Date (the "TOP Expiration Date"), unless terminated sooner. If Franchisee desires to renew the rights under this Amendment, it shall provide written notice of renewal to Franchisor at least 30 days before the TOP Expiration Date; if no notice of renewal is provided, then this Amendment shall expire automatically on its own terms without renewal. Franchisor, at its sole discretion, shall either grant or deny Franchisee's request for renewal of this Amendment. If Franchisor grants renewal, Franchisee shall pay the then-current Reservation Fee and sign the then-current amendment granting such rights under this Section.

(6) Franchisee shall not have resale or transfer rights related to Approved Events. If the Franchise Agreement is terminated for any reason (including as part of a transfer), then this Agreement shall also terminate and Franchisee shall completely forfeit the Reservation Fee.

(7) Franchisee must be in full compliance with the Franchise Agreement in order to exercise the rights under this Section, including being current on all monies owed to Franchisor and its affiliates at all times.

(8) During the term of this Amendment, if Franchisee conducts all Approved Events at an Affiliated Brand, then the Reservation Fee shall be waived. If Franchisee requests to conduct any Approved Events at non-Affiliated Brand premises, and Franchisee has not paid $500 as the Reservation Fee, then Franchisee shall pay the $500 Reservation Fee before Franchisor processes the request for the Approved Event."

2. GENERAL RELEASE. To the maximum extent permitted by applicable law, in consideration of Franchisor's consent of Franchisee offering services in the TOP Territory and all other consideration, the receipt and sufficiency of which is acknowledged, the Franchisee and the undersigned guarantors on behalf of themselves and each of their past and present parents, subsidiaries, affiliates, predecessors, successors, assigns, officers, directors, shareholders, partners, owners, members, managers, agents, attorneys, employees, and representatives (collectively, the "Releasing Parties") do remise, release, waive, and forever

discharge Snapology, LLC, Snapology IP, LLC, Snapology International, LLC, Snapology Holdings, LLC, UA Holdings, LLC, Unleashed Brands, LLC, Unleashed Services, LLC and each of their respective past and present parents, subsidiaries, affiliates, predecessors, successors, assigns, officers, directors, shareholders, partners, owners, members, managers, agents, attorneys, employees, and representatives (collectively, the "Franchisor Parties") from any and all claims, demands, obligations, liabilities, actions, proceedings, agreements, debts, demands, damages, accounts, charges, invoices, discounts, incentives, allowances, controversies, expenses, attorneys' fees, suits, arbitrations, and causes of action whatsoever, in law or equity, whether known or unknown, past or present, which the Releasing Parties have, have had, claim to have, or may have against the Franchisor Parties including, but not limited to, any and all claims and damages in any way arising out of or related to (1) that Franchise Agreement and amendments between Franchisor and Franchisee regarding the operation of the Snapology franchised business located at ______________________________ as amended; (2) any other franchise agreement or any other contract between any Releasing Party and any Franchisor Party; (3) the offer and sale of any Snapology franchise opportunity, (4) the disclosure requirements under the FTC Franchise Rule (16 CFR et seq); (5) any other state franchise law, (6) any alleged misrepresentations made by the Franchisor Parties in the sale of a franchise to the Releasing Parties or otherwise; (7) any and all claims arising under local, state, and federal laws, rules, and ordinances, whether statutory or under common law; (8) the Snapology business located at ______________________________; (9) any relationship between the Releasing Parties and the Franchisor Parties; and (10) any relationship, contractual or otherwise, between the Releasing Parties and the Franchisor Parties. The Releasing Parties acknowledge this general release extends to all claims the Releasing Parties do not know or suspect to exist in their favor at the time of executing this general release, which if were known to exist may have materially affected the decision to enter into this general release. The Releasing Parties understand the facts in respect of which this general release is given may hereafter turn out to be other than or different from the facts known or believed to be true. By executing this general release, the Releasing Parties expressly assume the risk of the facts turning out to be different and agree this general release shall be in all respects effective and not subject to termination or rescission by any such difference in facts. The Releasing Parties, jointly and individually, covenant and agree that none of them will commence, maintain, participate in, or prosecute any claim, demand, suit, action, or cause of action against the Franchisor Parties concerning the claims released in this section.

*[If Releasor is domiciled or has his or her principal place of business in the State of California]*

**WAIVER OF SECTION 1542 OF THE CALIFORNIA CIVIL CODE.**

[___________________] ("Releasor") for myself and on behalf of all persons acting by or through me, acknowledge that I am familiar with Section 1542 of the California Civil Code, which reads as follows:

> A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR OR RELEASING PARTY DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE AND THAT, IF KNOWN BY HIM OR HER, WOULD HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR OR RELEASING PARTY.

Releasor hereby waives and relinquishes every right or benefit which I have under Section 1542 of the Civil Code of the State of California, and any similar statute under any other state or federal law, to the fullest extent that they may lawfully waive such right or benefit. In connection with this waiver and relinquishment, Releasor acknowledges he or she may hereafter discover facts in addition to or different from those which he or she now knows or believes to be true with respect to the claims herein released, but that it is the parties' intention, subject to the terms and conditions of this general release, to fully, finally and forever settle and release all such claims, known or unknown, suspected or unsuspected, which now exist, may exist or did exist. In furtherance of such intention, the releases given in this general release shall be and remain in effect as full and complete releases, notwithstanding the discovery or existence of any such additional or different facts.

Releasor warrants and represents the release set forth above is a complete defense to any claim encompassed by its terms, and covenants not to initiate, prosecute, or otherwise participate in any action or proceeding 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 this general release with respect to any claim or cause of action released under this general release.

*[If Releasor is domiciled or has his or her principal place of business in the State of Washington or if the franchised business is located in the State of Washington]*

Notwithstanding anything to the contrary, this general release does not apply to any claims arising under the Washington Franchise Investment Protection Act, RCW 19.100, and the rules adopted thereunder.

3. RATIFICATION. The Franchise Agreement, as amended hereto, is hereby ratified and confirmed, and shall continue in full force and effect, subject to the terms and provisions thereof and hereof. In the event of any conflict between the terms of the Agreement and the terms of this Addendum, the terms of this Addendum shall control.

4. ENTIRE AGREEMENT. This Amendment reflects the entire agreement between the parties concerning the subject matter of the Transfer, and supersedes all prior discussions, negotiations, and agreements between the Parties. This Amendment may be modified only by a written instrument signed by all parties.

5. PARTIES BOUND. This Amendment is binding upon and inures to the benefit of and shall be enforceable by the Parties hereto and their respective heirs, executors, administrators, legal representatives, successors, and assigns.

6. GOVERNING LAWS; DISPUTE RESOLUTION. This Amendment is governed by and construed in accordance with the laws of the State of Texas, without regard to its conflict of laws principles. Any dispute arising out of or related to this Amendment shall be governed by the dispute resolution provisions contained in the Franchise Agreement, which are incorporated herein by reference.

7. ENFORCEABILITY. If any one or more of the provisions contained in this Amendment are, for any reason, held to be invalid, illegal, or unenforceable in any respect, such invalidity, illegality, or unenforceability will not affect any other provision thereof, and this Amendment will be construed as if such invalid, illegal, or unenforceable provision had never been contained herein.

8. NOTICES. Any notices required or permitted to be given hereunder must be in writing and must be delivered electronically and/or personally or sent certified mail, postage prepaid, addressed to the notice address indicated on the Summary Page of the Franchise Agreement, and such notice will be deemed made when deposited into the U.S. mail.

IN WITNESS WHEREOF the parties hereto, intending to be legally bound hereby have duly executed this Agreement.

| | |
|---|---|
| **FRANCHISOR**: | **FRANCHISEE**: |
| SNAPOLOGY, LLC,<br>a Pennsylvania limited liability company | [_______],<br>a [_______] |
| By: ___________________________<br>Ani Mehta its President | By: ___________________________<br>[_______], its [_______] |

**EXHIBIT F**
**TO THE SNAPOLOGY®**
**FRANCHISE DISCLOSURE DOCUMENT**

**CURRENT FRANCHISEES AND DEVELOPERS, FORMER FRANCHISEES, AND DEVELOPERS, AND AFFILIATE -OWNED LOCATIONS**

## Franchisees Open as of December 31, 2025

| State | City | Business Address | Phone Number | Owner |
|---|---|---|---|---|
| Alabama | Auburn | Mobile | (334) 425-3735 | Oliver2, LLC |
| | The River Region (Montgomery) | Mobile | (334) 325-4679 | Eduk8usall LLC |
| Arizona | Gilbert | Mobile | (480) 504-4236 | AZ JTeam Incorporated |
| California | Arcadia | Mobile | (626) 629-0129 | Two Ls Two Rs, LLC |
| | Campbell | Mobile | (669) 294-2233 | Teju & Dhee, LLC |
| | Chino Hills | Mobile | (909) 686-1415 | Cubestone Learning and Development LLC |
| | Chula Vista East | Mobile | (619) 273-5625 | CorBen STEAM Adventures |
| | Fullerton | 1375 S Harbor Blvd Fullerton, CA 92832[DC] | (657) 554-1386 | SO Fullerton, LLC |
| | Irvine | Mobile | (949) 500-6038 | SoCal Kids Potential, LLC |
| | Los Gatos | Mobile | (669) 221-5359 | SV KIDS CORP |
| | Mountian View | Mobile | (650) 260-3742 | TJW Holdings, LLC |
| | Palo Alto | Mobile | (650) 260-3742 | TJW Holdings, LLC |

| State | City | Business Address | Phone Number | Owner |
|---|---|---|---|---|
| | Trivalley (San Ramon) | Mobile | (925) 452-6180 | The Journey to My Business, Corp. |
| | Sherman Oaks | Mobile | (818) 867-3622 | Dream Island Learning, LLC |
| | Solana Beach | Mobile | (858) 356-4224 | Van der Byl Ventures, LLC |
| | Sunnyvale | Mobile | (650) 260-3742 | TJW Holdings, LLC |
| Colorado | Denver-Park Hill (Central Denver) | Mobile | (720) 336-0850 | Snap2It LLC |
| | Golden | Mobile | (720) 504-5848 | KO Education, LLC |
| Connecticut | Stamford | Mobile | (203) 658-7910 | Immersive Holdings, LLC |
| | Waterbury | 425 Bank St. Waterbury, CT 06708[C] | (203) 437-8558 | Fun R US Adventures Waterbury, LLC |
| Delaware | Lewes | Mobile | (302) 703-6609 | Blanshine Party of 5, LLC |
| Florida | Gainesville | Mobile | (724) 263-1642 | Brick City Learning Lab LLC |
| | Lakeland | Mobile | (863) 888-2442 | It's a Stem Life, LLC |
| | Lakewood Ranch | Mobile | (941) 280-4088 | CLM Education, LLC |
| | Miami Beach | Mobile | (786) 233-8883 | Snap Miami, LLC |

| State | City | Business Address | Phone Number | Owner |
|---|---|---|---|---|
| | New Tampa | 10341 Cross Creek Blvd, Suite B<br>New Tampa, FL 33647[C] | (813) 428-5113 | Snap Learning, LLC |
| | Ocala | Mobile | (352) 448-1601 | Brick City Learning Lab LLC |
| | Port Salermo | Mobile | (772) 678-0787 | MRIAD Holding LLC |
| | St. Pete | Mobile | (727) 306-1600 | Adam A+ Learning, LLC |
| | Tallahassee | 1644 Governor's Square Blvd<br>Tallahassee, FL 32301[DC] | (850) 270-2399 | Elevated Venture Holdings (Tallahassee) LLC |
| | West Broward | Mobile | (954) 865-2974 | C.A.S.E. Investment Group Corp. |
| Georgia | Atlanta East | Mobile | (706) 740-2192 | Everoak Creative Solutions LLC |
| | Evans | Mobile | (706) 267-9128 | Lynn's Consulting - Georgia, LLC |
| | Kennesaw | Mobile | (678) 841-0972 | BuildItUp, LLC |
| | Savannah | Mobile | (912) 665-3425 | Edgar George, LLC |
| | Smyrna | Mobile | (404) 884-8478 | STEAM Enrichment LLC |
| | Tifton | Mobile | (229) 402-9986 | Danny Mann |
| Idaho | Idaho Falls | Mobile | (208) 360-4515 | Creative Builders LLC |

| State | City | Business Address | Phone Number | Owner |
|---|---|---|---|---|
| | West Boise | 7906 W. Marigold St<br>West Boise, ID 83714[DC] | (208) 510-6522 | AHSNAPID1, LLC |
| Illinois | Chicago | Mobile | (773) 570-7627 | SBJ Ventures, Inc. |
| | Evergreen Park | Mobile | (312) 612-9204 | A Seat At The Table, LLC |
| | McHenry | Mobile | (815) 708-1200 | Gurak Innovations LLC |
| Kansas | Olathe | Mobile | (913) 735-0181 | Full STEAM Ahead, LLC |
| | Overland Park | Mobile | (913) 735-0181 | Full STEAM Ahead, LLC |
| Maryland | Frederick | 5830 Ballenger Creek Pike<br>Frederick, MD 21703[DC] | (240) 560-5965 | Urban Air Frederick, LLC |
| | Germantown | Mobile | (410) 705-5117 | STEMucated, LLC |
| | Silver Spring | Mobile | (667) 264-0789 | Supernova Kids, LLC |
| | Towson | 7830 Rossville Blvd<br>Nottingham, MD 21236[DC] | (443) 233-1902 | MACASV, LLC |
| Massachusetts | Burlington | Mobile | (617) 680-4639 | STEAMwise LLC |
| | Danvers | Mobile | (617) 298-2858 | STEAMwise LLC |
| | Fitchburg | 15 Tyngsboro Rd, Unit 6A<br>North Chelmsford, MA 01863[C] | (978) 400-2239 | STEAMwise LLC |

| State | City | Business Address | Phone Number | Owner |
|---|---|---|---|---|
| | Foxborough | Mobile | (215) 262-2314 | Shiplake STEM, LLC |
| | Harvard | Mobile | (857) 373-9932 | Ahuja Family LLC |
| | Hopedale | Mobile | (215) 262-2314 | Shiplake STEM, LLC |
| | Westwood | Mobile | (617) 298-2858 | STEAMwise LLC |
| Minnesota | Minneapolis | 2649 Lyndale Ave S Minneapolis, MN 55408[C] | (612) 440-7627 | Aaron Hagebak, LLC |
| | Plymouth | 3580 Holly Ln N Plymouth, MN 55447[DC] | (612) 239-2680 | Eezy Experience Education, LLC |
| Montana | Helena | Mobile | (406) 438-7241 | S.T.E.A.M of Central Montana, LLC |
| Nebraska | Elkhorn | Mobile | (702) 743-5442 | Tiad Enterprises, LLC |
| | North Omaha | Mobile | (702) 743-5442 | Tiad Enterprises, LLC |
| New Hampshire | Dover | 826 Central Ave Dover, NH 03820[C] | (603) 722-0891 | Montgomery Enrichment, Inc. |
| New Jersey | East Brunswick | Mobile | (732) 786-3156 | Relyant Education LLC - Ruhee Khanna and Mohit Khanna |
| | Jersey City | Mobile | (201) 918-8081 | Miraklz LLC |
| | Livingston | Mobile | (973) 651-7451 | Jag-Tech LLC |

| State | City | Business Address | Phone Number | Owner |
|---|---|---|---|---|
| | Monmouth County | Mobile | (732) 965-7627 | Vinyak Ventures LLC |
| | Princeton | Mobile | (609) 607-7627 | Kalvee LLC |
| | Summit | Mobile | (908) 588-7869 | Ryder International, LLC |
| | Wayne | Mobile | (973) 932-0382 | R Monacelli Group, LLC |
| New York | Long Island City | Mobile | (883) 697-8326 | STEAM ED CORP. |
| | Queens | Mobile | (718) 306-9077 | Little Problem Solvers LLC |
| | Saratoga Springs | Mobile | (518) 688-7955 | Skills for Success, LLC |
| | Seaford | 1500 Old Country Rd Westbury, NY 11590[C] | (516) 785-0080 | STEM of Nassau County, Inc. |
| | White Plains | Mobile | (914) 295-4543 | Bright Insight, LLC |
| North Carolina | Burlington | Mobile | (336) 514-5785 | C3 Edventures Inc |
| | Chapel Hill & Holly Springs | Mobile | (919) 727-8767 | Live Learn Peak LLC |
| | Cornelius | 17001 Kenton Dr Cornelius, NC 28031[DC] | (704) 997-5581 | DP Cornelius, LLC |
| | Raleigh (East) | Mobile | (984) 296-3740 | STEM Quest, LLC |

| State | City | Business Address | Phone Number | Owner |
|---|---|---|---|---|
| | Raleigh (North) | Mobile | (984) 296-3740 | STEM Quest, LLC |
| | Raleigh (South) | Mobile | (984) 296-3740 | STEM Quest, LLC |
| | Raleigh (West) | Mobile | (984) 296-3740 | STEM Quest, LLC |
| | Wilmington | Mobile | (910) 239-7447 | WilmingtonSTEM LLC |
| Ohio | Cleveland | 23645 Mercantile, Suite H Cleveland, OH 44122[C] | (216) 990-8988 | Snapology of Cleveland, LLC |
| | Fairlawn | Mobile | (330) 422-3923 | DevAmar LLC |
| | Toledo (West) | 5243 Airport Hwy Toledo, OH 43615[DC] | (419) 379-3507 | UA Rte 20, LLC |
| | Washington Township | Mobile | (513) 988-7363 | STEAM NXS, LLC |
| | West Chester Township | Mobile | (513) 988-7363 | STREAM ALINXS LLC |
| Oregon | Beaverton | Mobile | (503) 877-5666 | Beginning Line LLC |
| | McMinnville | Mobile | (541) 299-2799 | The Lightside Corporation |
| Pennsylvania | Camp Hill | Mobile | (717) 745-6575 | Sisbro Initiatives Corporation |
| | Downingtown | Mobile | (484) 401-9257 | Futurify Enterprises, LLC |

| State | City | Business Address | Phone Number | Owner |
|---|---|---|---|---|
| | King of Prussia | Mobile | (610) 202-3111 | Schwemm Learning Adventures, LLC |
| | Lancaster | 2503 Oregon Pike Lancaster, PA 17601[C] | (717) 415-5486 | STEM for Kids, LLC |
| | Newtown Square | Mobile | (856) 266-5410 | Brick Builders LLC |
| | South Pittsburgh | Mobile | (412) 215-3673 | Samuel Weinberg |
| Rhode Island | Pawtucket | Mobile | (401) 307-2430 | Phoebe 2000 LLC |
| South Carolina | Lexington | Mobile | (803) 386-7456 | UA Entertainment, LLC |
| Texas | Amarillo | 2477 I-40 Amarillo, TX 79109[C] | (806) 414-5353 | KLK Learning, LLC |
| | Aubrey | Mobile | (972) 292-8715 | Growthonics, LLC |
| | Austin | 1910 Fort View Rd Austin, TX 78704[C] | (512) 368-9090 | Kristi Katanick |
| | Benbrook | Mobile | (682) 231-1959 | Christy at the Helm |
| | Cedar Park | Mobile | (512) 222-7627 | Aspire Enrichment and Learning, LLC |
| | Corpus Christi | Mobile | (512) 947-2243 | Texan Colibri Enterprises Corp. |
| | El Paso | 12285 Pellicano Dr B1 El Paso, TX 79936[C] | (915) 228-3788 | STEM Investments, LLC |

| State | City | Business Address | Phone Number | Owner |
|---|---|---|---|---|
| | Frisco | Mobile | (469) 827-7477 | Frisco Educational Ventures LLC |
| | Grapevine | Mobile | (817) 440-7627 | Matix Prodigy, LLC |
| | Leander | Mobile | (512) 222-7627 | Aspire Enrichment and Learning, LLC |
| | McKinney | Mobile | (469) 215-2031 | STEAMpowered Kids, LLC - Julia & Kristopher Kramer |
| | Midland | Mobile | (432) 994-2901 | Lucilda, Inc. - Lucas Okimi & Mathilda Okimi |
| | New Braunfels | Mobile | (210) 480-4348 | NEYSA TX, LLC |
| | Round Rock | Mobile | (512) 222-7627 | Aspire Enrichment and Learning, LLC |
| | San Antonio | Mobile | (210) 718-0606 | Santandreu Education, Inc. |
| | Wylie | Mobile | (469) 831-5131 | STEAMpowered Kids, LLC - Julia & Kristopher Kramer |
| Utah | Layton | Mobile | (801) 448-7627 | School4Less, LLC |
| | Lehi | Mobile | (801) 252-6888 | Utah Learn Play And Grow, LLC |
| | Ogden | Mobile | (801) 784-0115 | AK Unlimited, LLC |
| Virginia | Fairfax | Mobile | (703) 829-0972 | TLGG, Inc. |

| State | City | Business Address | Phone Number | Owner |
|---|---|---|---|---|
| | Fredericks-burg | 4254 Plank Rd Fredericksburg, VA 22407[DC] | (530) 693-0195 | Two Fish Partners, Inc. |
| | Glen Allen | Mobile | (434) 409-5965 | EnVision 2 Become, LLC |
| | Harrisonburg | Mobile | (540) 849-6852 | Whiting Snapology, LLC |
| | Leesburg | 1604 Village Market Blvd SE Leesburg, VA 20175[DC] | (703) 887-3555 | Snap Loudoun, LLC |
| | Loudoun County | Mobile | (703) 887-3555 | Snap Loudoun, LLC |
| | McLean | Mobile | (571) 249-3043 | Jayesh Lalwani |
| | Midlothian | Mobile | (804) 293-0778 | MB16 LLC |
| | Woodbridge | 14101 Crossing Pl Woodbridge, VA 22192[DC] | (804) 664-9946 | Laabh Ventures, LLC |
| Washington | Gig Harbor | Mobile | (253) 313-5832 | Doherty Services LLC |
| | Mukilteo | Mobile | (425) 366-4766 | Children for the Future, Inc. |
| | Redmond | Mobile | (425) 243-4026 | Blue Jay Ventures |
| | Downtown NW Seattle | Mobile | (425) 502-2633 | Hawonmin LLC |
| | North Seattle (Shoreline) | Mobile | (425) 502-2633 | Hawonmin LLC |

As of December 31, 2025, there are no franchisees that signed Development Agreements.

**FRANCHISEES WHO SIGNED FRANCHISE AGREEMENT BUT WERE NOT YET OPEN AS OF DECEMBER 31, 2025**

| State | Business Address | Franchisee | Phone Number |
|---|---|---|---|
| Arkansas | info@snapologyrogers.com | Bailey Bug, LLC<br>Snapology of Rogers, AR[DC] | 479.343.9701 |
| California | amishi.rutvik@gmail.com | Snapology of Fremont, CA[M] | 973.444.1661 |
| | amishi.rutvik@gmail.com | Snapology of Milpitas, CA[M] | 973.444.1661 |
| | emir.inan@snapology.com | Snapology of Roseville, CA[M] | 279.782.9496 |
| | amishi.rutvik@gmail.com | Snapology of Santa Clara, CA[M] | 973.444.1661 |
| Illinois | 7137 East State Street, Rockford, IL 61108 | UAIRPM, LLC<br>Snapology of Rockford, IL[C] | 262.960.9731 |
| Maryland | 998 Largo Center Dr., Upper Marlboro, MD 20774 | HSN Kids1, LLC<br>Snapology of Largo, MD[C] | 302.983.0933 |
| Minnesota | 7370 153rd St W, Apple Valley, MN 55124 | Eezy Adventure Education LLC<br>Snapology of Apple Valley, MN[C] | 612.812.4172 |
| New Mexico | 5001 Montgomery Blvd NE, Albuquerque, NM, 87109 | ABQ Snap, LLC<br>Snapology of Albuquerque, NM[DC] | 979.324.4606 |
| New Jersey | suryap.singh@gmail.com | Snapology of Edison, NJ[M] | 201.282.8606 |
| North Carolina | clprince939@gmail.com | C3 Edventures Inc<br>Snapology of Greensboro, NC[M] | 612.812.4172 |
| Texas | pwalker@reyesresource.com | P.S. Wonder On LLC<br>Snapology of Dripping Springs, TX[M] | 806.786.2883 |
| Virginia | tonysawyer@sawyerbg.com | SBG UA, LLC<br>Snapology of Newport News, VA[M] | 804.510.9973 |
| | tonysawyer@sawyerbg.com | SBG UA, LLC<br>Snapology of Virginia Beach, VA[M] | 804.510.9973 |

**FRANCHISEES WHO HAVE LEFT THE SYSTEM AS OF DECEMBER 31, 2025, OR WHO HAVE NOT COMMUNICATED WITH US WITHIN 10 WEEKS OF THE ISSUANCE DATE OF THE FRANCHISE DISCLOSURE DOCUMENT**

| State | Business Address | Franchisee | Phone Number |
|---|---|---|---|
| California | alex.portugal@snapology.com | SoCal Kids Potential, LLC<br>Snapology of Tustin, CA[M] | 949.500.6038 |
| Colorado | samantha.kile@snapology.com | Skol Ventures Inc.<br>Snapology of Monument, CO[M] | 720.341.6999 |
| Florida | alope038@gmail.com | L&B Edu Corp.<br>Snapology of Tamiami, FL[M] | |

| State | Business Address | Franchisee | Phone Number |
|---|---|---|---|
| Georgia | ziadeletr@gmail.com | Zeta Plus Consulting LLC<br>Snapology of Duluth, GA$^{M}$ | 561.698.4549 |
| Illinois *(Transfer)* | jquinn@snapology.com<br>vquinn@snapology.com | Snapology of McHenry, IL$^{M}$ | 815.708.1200 |
| Massachusetts *(Transfer)* | curbine@gmail.com | CU Educational Services, LLC<br>Snapology of Burlington, IL$^{M}$ | 617.680.4639 |
| | hamsatharinis@gmail.com | STEAMsters Syndicate LLC<br>Snapology of Cambridge, IL$^{M}$ | 617.777.2203 |
| | curbine@gmail.com | CU Educational Services, LLC<br>Snapology of Danvers, IL$^{M}$<br>(previously Cambridge, IL) | 617.680.4639 |
| | curbine@gmail.com<br>15 Tyngsboro Rd, Chelmsford, MA 01863 | CU Educational Services, LLC<br>Snapology of Fitchburg, IL$^{DC}$ | 617.680.4639 |
| | hamsatharinis@gmail.com | STEAMsters Syndicate LLC<br>Snapology of Westwood, MA$^{M}$ | 617.777.2203 |
| | curbine@gmail.com | CU Educational Services, LLC<br>Snapology of Westwood, MA$^{M}$ | 617.680.4639 |
| North Carolina | sudhas@snapology.com | Live Learn Peak LLC<br>Snapology of Chapel Hill & Holly Springs, NC$^{M}$ | 919.727.8767 |
| | chris@urbanaircornelius.com | UA Adventure North LLC<br>Snapology of Cornelius, NC$^{C}$ | 980.721.9817 |
| | deonnearrington@gmail.com | Snapology of Wendell, NC$^{M}$ | 412.576.8993 |
| Utah | adam.murphy@snapology.com | AK Unlimited, LLC<br>Snapology of Syracuse, UT$^{M}$ | 801.678.0615 |
| Virginia | gandhimn@yahoo.com<br>7523 Somerset Crossing Dr, Gainesville, VA 20155 | Snapoloegy of Gainesville, VA$^{C}$ | 832.651.6443 |
| Washington *(Transfer)* | miyab@snapology.com | Innovation Makers, LLC<br>Snapology of Gig Harbor, WA$^{M}$ | 425.219.5392 |

**Key:**

$^{M}$ denotes mobile Snapology franchisees (current offered under this disclosure document)
$^{DC}$ denotes Snapology Discovery Center (not offered under this disclosure document)
$^{C}$ denotes Snapology Classrooms co-branded with an Affiliated Brand (not offered under this disclosure document)

**Notes:**
TJW Holdings, LLC owns and operates 3 territories
Brick City Learning Lab, LLC owns and operates 2 territories
Full STEAM Ahead, LLC owns and operates 2 territories
STEAMwise LLC owns and operates 4 territories
Shiplake STEM, LLC owns and operates 2 territories
Tiad Enterprises, LLC owns and operates 2 territories
STEM Quest, LLC owns and operates 4 territories
Aspire Enrichment and Learning, LLC owns and operates 3 territories
STEAMpowered Kids, LLC owns and operates 2 territories
Snap Loudoun, LLC owns and operates 4 territories

**LIST OF CORPORATE OR AFFILIATE-OWNED OUTLETS AS OF DECEMBER 31, 2025**

| NAME | ADDRESS | PHONE |
|---|---|---|
| FM SnapTLGI, LLC | 5801 Long Prairie Rd Suite 380, Flower Mound, TX 75028 | (972) 325-6683 |

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

**EXHIBIT G**
**TO THE SNAPOLOGY®**
**FRANCHISE DISCLOSURE DOCUMENT**

**FRANCHISE DISCLOSURE QUESTIONNAIRE**

**(THIS FRANCHISEE DISCLOSURE QUESTIONNAIRE WILL NOT BE USED IF THE FRANCHISE IS TO BE OPERATED IN, OR YOU ARE A RESIDENT OF, CALIFORNIA, HAWAII, ILLINOIS, INDIANA, MARYLAND, MICHIGAN, MINNESOTA, NEW YORK, NORTH DAKOTA, RHODE ISLAND, SOUTH DAKOTA, VIRGINIA, WASHINGTON, OR WISCONSIN)**

**<u>DO NOT SIGN THIS FRANCHISEE DISCLOSURE QUESTIONNAIRE IF THE FRANCHISE IS TO BE OPERATED IN, OR YOU ARE A RESIDENT OF, CALIFORNIA, HAWAII, ILLINOIS, INDIANA, MARYLAND, MICHIGAN, MINNESOTA, NEW YORK, NORTH DAKOTA, RHODE ISLAND, SOUTH DAKOTA, VIRGINIA, WASHINGTON, OR WISCONSIN.</u>**

# SNAPOLOGY®
# FRANCHISE DISCLOSURE QUESTIONNAIRE

As you know, SNAPOLOGY, LLC ("<u>we</u>" or "<u>us</u>") and you are preparing to enter into a Franchise Agreement for the operation of a Snapology franchise. The purpose of this Questionnaire is to determine whether any statements or promises were made to you that we have not authorized or that may be untrue, inaccurate or misleading, to be certain that you have been properly represented in this transaction, and to be certain that you understand the limitations on claims you may make by reason of the purchase and operation of your franchise. **You cannot sign or date this Questionnaire the same day as the Receipt for the disclosure document, but you must sign and date it the same day you sign the Franchise Agreement and pay your franchise fee.** Please review each of the following questions carefully and provide honest responses to each question. If you answer "No" to any of the questions below, please explain your answer by emailing franchising@unleashedbrands.com.

Yes ____ No ____ 1. Have you received and personally reviewed the Snapology Franchise Agreement and each exhibit or schedule attached to it?

Yes ____ No ____ 2. Have you received and personally reviewed the Snapology disclosure document we provided?

Yes ____ No ____ 3. Did you sign a receipt for the Snapology disclosure document indicating the date you received it?

Yes ____ No ____ 4. Do you understand all the information contained in the Snapology disclosure document and Franchise Agreement?

Yes ____ No ____ 5. A) Have you had ample time and the opportunity to review Snapology disclosure document and Snapology Franchise Agreement with a lawyer, accountant or other professional advisor?

Yes ____ No ____ B) Have you had the opportunity to discuss the benefits and risks of operating an Snapology franchise with your professional advisor?

Yes ____ No ____ C) Did you discuss the benefits and risks of operating an Snapology franchise with an existing Snapology franchisee?

Yes ____ No ____ 6. Do you understand the risks of operating an Snapology franchise?

Yes ____ No ____ 7. Do you understand the success or failure of your Snapology franchise will depend in large part upon your skills, abilities and efforts and those of the person you employ, as well as many factors beyond your control such as weather, competition, interest rates, the economy, inflation, labor and supply costs, and the marketplace?

Yes ____ No ____ 8. Do you understand we are not obligated to provide assistance to you in finding and securing a location for your Snapology Franchised Business?

Yes ____ No ____ 9. Do you understand that the Franchise Agreement and the attachments contain the entire agreement between us and that you are not relying on any oral promises or representations that are not explicitly stated in the Franchise Agreement?

Yes ____ No ____ 10. Do you understand that your Designated Manager must successfully complete our initial training program?

Yes ____ No ____ 11. Do you understand we do not have to sell you a franchise or additional franchises or consent to your purchase of existing franchises?

**<u>DO NOT SIGN THIS FRANCHISEE DISCLOSURE QUESTIONNAIRE IF THE FRANCHISE IS TO BE OPERATED IN, OR YOU ARE A RESIDENT OF, CALIFORNIA, HAWAII, ILLINOIS, INDIANA, MARYLAND, MICHIGAN, MINNESOTA, NEW YORK, NORTH DAKOTA, RHODE ISLAND, SOUTH DAKOTA, VIRGINIA, WASHINGTON, OR WISCONSIN.</u>**

Yes ____ No ____ 12. Is it true that, except as provided in Item 19 of our FDD, we and our affiliates have made no representation, warranty, promise, guaranty, prediction, projection, or other statement, and given no information, as to the future, past, likely, or possible income, sales volume, or profitability, expected or otherwise, of Snapology franchise or any other business?

Yes ____ No ____ 13. Do you understand that actual results vary from unit to unit and from time period to time period, and we cannot estimate, project, or predict the results of any particular Snapology business?

Yes ____ No ____ 14. Do you acknowledge that you are an independent contractor and responsible for running your own Snapology business and that we do not have any authority to control, hire, or fire your employees?

Yes ____ No ____ 15. Is it true that neither we or our affiliates, or any of our or our affiliates' employees, have provided you with services or advice that is legal, accounting, or other professional services or advice?

Yes ____ No ____ 16. A) Do you understand that the U.S. Government has enacted anti-terrorist legislation that prevents us from carrying on business with any suspected terrorist or anyone associated directly or indirectly with terrorist activities?

Yes ____ No ____ B) Is it true that you have never been a suspected terrorist or associated directly or indirectly with terrorist activities?

Yes ____ No ____ C) Do you understand that we will not approve your purchase of an Snapology franchise if you are a suspected terrorist or associated directly or indirectly with terrorist activity?

Yes ____ No ____ D) Is it true that you are not purchasing an Snapology franchise with the intent or purpose of violating any anti-terrorism law, or for obtaining money to be contributed to a terrorist organization?

For Maryland Residents/Franchises to be Located in Maryland Only: Such representations are not intended to nor will they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

For Washington Residents Only: Such representations are not intended to nor will they act as a waiver of any liability incurred under the Washington Investment Protection Act, RCW 19.100, and the rules adopted thereunder.

(SIGNATURE PAGE FOLLOWS.)

**<u>DO NOT SIGN THIS FRANCHISEE DISCLOSURE QUESTIONNAIRE IF THE FRANCHISE IS TO BE OPERATED IN, OR YOU ARE A RESIDENT OF, CALIFORNIA, HAWAII, ILLINOIS, INDIANA, MARYLAND, MICHIGAN, MINNESOTA, NEW YORK, NORTH DAKOTA, RHODE ISLAND, SOUTH DAKOTA, VIRGINIA, WASHINGTON, OR WISCONSIN.</u>**

________________________________________
Print Name

________________________________________ __________________________________
Signature Date

If signing on behalf of a corporation or other entity, please complete the following:

_____________________________________ __________________________________
Name of Entity Title

# EXHIBIT H
# TO THE SNAPOLOGY®
# FRANCHISE DISCLOSURE DOCUMENT

## SAMPLE FORM OF GENERAL RELEASE

## GENERAL RELEASE

This general release (the "General Release") is made and entered into on ______,____ by and between Snapology, LLC ("Franchisor"), ____ ("Franchisee"), _____ and _______(together with the Franchisee, the "Franchisee Parties"). For good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Franchisee Parties agree as follows:

1. To the maximum extent permitted by applicable law, the Franchisee Parties on behalf of themselves and each of their past and present parents, subsidiaries, affiliates, predecessors, successors, assigns, officers, directors, shareholders, partners, owners, members, managers, agents, attorneys, employees, and representatives (together with the Franchisee Parties, the "Releasing Parties") do remise, release, waive, and forever discharge Snapology, LLC, Snapology IP, LLC, Snapology International, LLC, Snapology Holdings, LLC, UA Holdings, LLC, Unleashed Brands, LLC, Unleashed Services, LLC and each of their respective past and present parents, subsidiaries, affiliates, predecessors, successors, assigns, officers, directors, shareholders, partners, owners, members, managers, agents, attorneys, employees, and representatives (collectively, the "Franchisor Parties") from any and all claims, demands, obligations, liabilities, actions, proceedings, agreements, debts, demands, damages, accounts, charges, invoices, discounts, incentives, allowances, controversies, expenses, attorneys' fees, suits, arbitrations, and causes of action whatsoever, in law or equity, whether known or unknown, past, present, or future, which the Releasing Parties have, have had, claim to have, or may have against the Franchisor Parties including, but not limited to, any and all claims and damages in any way arising out of or related to (1) that franchise agreement and amendments between Franchisor and Franchisee dated _____ regarding the operation of the Snapology franchised business located at ______, as amended; (2) any other franchise agreement or any other contract between any Releasing Party and any Franchisor Party; (3) the offer and sale of any Snapology franchise opportunity, (4) the disclosure requirements under the FTC Franchise Rule (16 CFR et seq); (5) any other state franchise law, (6) any alleged misrepresentations made by the Franchisor Parties in the sale of a franchise to the Releasing Parties or otherwise; (7) any and all claims arising under local, state, and federal laws, rules, and ordinances, whether statutory or under common law; (8) the Snapology business located at ______; (9) any relationship between the Releasing Parties and the Franchisor Parties; and (10) any relationship, contractual or otherwise, between the Releasing Parties and the Franchisor Parties.

2. The Releasing Parties acknowledge this General Release extends to all claims the Releasing Parties do not know or suspect to exist in their favor at the time of executing this General Release, which if were known to exist may have materially affected the decision to enter into this General Release. The Releasing Parties understand the facts in respect of which this General Release is given may hereafter turn out to be other than or different from the facts known or believed to be true and agree this General Release shall be in all respects effective and not subject to termination or rescission by any such difference in facts. By executing this General Release, the Releasing Parties expressly assume the risk of the facts turning out to be different and agree this General Release shall be in all respects effective and not subject to termination or rescission by any such difference in facts. The Releasing Parties acknowledge and agree that they have had the opportunity to seek the advice of and are represented by independent legal counsel and have read and understood all the terms and provisions of this General Release. The Releasing Parties, jointly and individually, covenant and agree that none of them will commence, maintain, participate in, or prosecute any claim, demand, suit, action, or cause of action against the Franchisor Parties concerning the claims released in this General Release.

3. This General Release represents the entire agreement of the parties regarding the subject matter hereof and may only be modified in writing.

*************************

**This General Release does not apply with respect to claims arising under the Washington Franchise Investment Protection Act, RCW 19.100, and the rules adopted thereunder.**

[If Releasor is domiciled or has his or her principal place of business in the State of California]

**WAIVER OF SECTION 1542 OF THE CALIFORNIA CIVIL CODE.**

___________________ ("Releasor") for myself and on behalf of all persons acting by or through me, acknowledge that I am familiar with Section 1542 of the California Civil Code, which reads as follows:

A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM OR HER MUST HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR.

Releasor hereby waives and relinquishes every right or benefit which I have under Section 1542 of the Civil Code of the State of California, and any similar statute under any other state or federal law, to the fullest extent that they may lawfully waive such right or benefit. In connection with this waiver and relinquishment, Releasor acknowledges he or she may hereafter discover facts in addition to or different from those which he or she now knows or believes to be true with respect to the claims herein released, but that it is the parties' intention, subject to the terms and conditions of this General Release, to fully, finally and forever settle and release all such claims, known or unknown, suspected or unsuspected, which now exist, may exist or did exist. In furtherance of such intention, the releases given in this General Release shall be and remain in effect as full and complete releases, notwithstanding the discovery or existence of any such additional or different facts.

Releasor warrants and represents the release set forth above is a complete defense to any claim encompassed by its terms, and covenants not to initiate, prosecute, or otherwise participate in any action or proceeding 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 this General Release with respect to any claim or cause of action released under this General Release.

**IN WITNESS WHEREOF**, the parties hereto have executed this General Release as of the dates set forth above.

**FRANCHISEE PARTIES:**

______________,
a __________________

By:___________________________________
______, its __________

_______________________________________
_____, individually

[This General Release will be modified as necessary for consistency with any state law regulating franchising.]

# EXHIBIT I
# TO THE SNAPOLOGY®
# FRANCHISE DISCLOSURE DOCUMENT

## DEVELOPMENT AGREEMENT ATTACHMENTS, AND STATE SPECIFIC AMENDMENTS

**SNAPOLOGY®**
**DEVELOPMENT AGREEMENT**

**SUMMARY PAGE**

| | |
|---|---|
| **EFFECTIVE DATE:** | |
| **DEVELOPER:** | |
| **ADDRESS FOR NOTICES:** | |
| **TELEPHONE NUMBER:** | |
| **E-MAIL ADDRESS:** | |
| **FRANCHISOR:** | SNAPOLOGY, LLC, a Pennsylvania limited liability company. |
| **ADDRESS FOR NOTICE:** | 2350 Airport Freeway, Suite 505, Bedford, Texas, 76022. |
| **DEVELOPMENT AREA NAME:** | |
| **DEVELOPMENT FEE:** | |
| **NUMBER OF UNITS TO BE DEVELOPED** | |

**SNAPOLOGY®**
**DEVELOPMENT AGREEMENT**

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**SNAPOLOGY®**
**DEVELOPMENT AGREEMENT**

**THIS DEVELOPMENT AGREEMENT** ("Agreement") is made and entered into as of the Effective Date reflected in the Summary Pages ("Effective Date"), by and between Snapology, LLC, a Pennsylvania limited liability company ("Franchisor"), and the Developer identified on the Summary Page ("you" or "Developer").

A. Franchisor, as the result of the expenditure of time, skill, effort, and money, has developed a distinctive business system relating to the development, establishment, and operation of a business that provides curriculum-based courses, events and hands on learning experiences using LEGO® brand bricks, K'Nex® brand toys, their substitutes and other building toys, robotics, animation, coding and engineering techniques, services, and products under the name SNAPOLOGY® (the "Brand"), which are based on and include the Proprietary Products, Proprietary Marks, Indicia, and Standards ("System").

B. The distinguishing characteristics of the System include, without limitation, our program curricula, services, products, and merchandise, which incorporate Franchisor's Proprietary Marks, trade secrets, and proprietary information ("Proprietary Products"); distinctive exterior and interior design, decor, color scheme, graphics, fixtures, and furnishings ("Indicia"); standards and specifications for products and supplies; service standards; uniform standards, specifications, and procedures for operations; procedures for inventory and management control; training and assistance; and advertising and promotional programs ("Standards"); all of which may be changed, improved, and further developed by Franchisor from time-to-time.

C. The System is identified and recognized by means of certain trade names, service marks, trademarks, logos, emblems, and indicia of origin, including, but not limited, to the word mark "Snapology" and the list of marks set forth in Attachment A to this Agreement, and such other trade names, service marks, trademarks, logos, emblems, and indicia of origin as Franchisor may hereafter designate in writing for use regarding the System ("Proprietary Marks").

D. Franchisor and its Affiliates continue to develop, establish, use, and control the use of the Proprietary Products, Proprietary Marks, Indicia, Standards, and System to identify for the public the source of services and products marketed under this Agreement and under the System, and to represent the System's high standards of quality, appearance, and service.

E. You desire the right to develop multiple units under the System and Proprietary Marks ("Units" or "Franchised Locations") and Franchisor desires to grant you such rights, all pursuant to the terms and conditions of this Agreement.

NOW, THEREFORE, in consideration of the mutual premises contained in this Agreement, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

## 1. GRANT

1.1. Grant of Unit Development Rights

1.1.1. Franchisor hereby grants to you certain development rights, and you hereby accept the right and obligation to develop no less than the specified number and type of Units identified on the Summary Page in the Development Area identified in Attachment B within the timeframe set forth in the Development Schedule identified in Attachment B. Each Unit to be developed shall be developed and operated pursuant to a separate franchise agreement in accordance with Section 4.1.

1.1.2. This Agreement grants you no right or license to use any of the Proprietary Marks; your right to operate a Unit and license to use the Proprietary Marks derives solely from the Franchise Agreements that you will enter into under this Agreement.

1.1.3. The development rights granted under this Agreement belong solely to you: you may not share them, divide them, subfranchise, or sublicense them, or transfer them, except in accordance with the transfer provisions of this Agreement.

1.2. Development Area Protection. During the term of this Agreement, Franchisor shall not own or operate, or grant anyone else the right to operate, a Snapology business within the Development Area.

1.3. Franchisor's Reserved Rights. Notwithstanding anything to the contrary, Franchisor retains the following rights, among others, on any terms and conditions Franchisor deems advisable, and without granting Developer any rights therein:

**(a)** To own, acquire, establish, and/or operate and license others to establish and operate, Snapology businesses under the System at any location outside the Development Area notwithstanding their proximity to the Development Area or their actual or threatened impact on sales or development of any of the Developer's Units;

**(b)** To own, acquire, establish and/or operate, and license others to establish and operate, businesses under proprietary marks other than the Proprietary Marks, whether such businesses are similar or different from Snapology businesses, at any location within or outside the Development Area, notwithstanding their proximity to the Development Area or their actual or threatened impact on sales or development of any of the Developer's Units. Nothing in this Agreement prohibits or restricts Franchisor from owning, acquiring, establishing, operating, or granting franchise rights for one or more other businesses under a different trademark or service mark (i.e., a mark other than the Proprietary Marks), whether or not the business is the same as or competitive with Snapology businesses;

**(c)** To sell and to distribute, directly or indirectly, or to license others to sell and to distribute, directly or indirectly, any products through wholesalers, distributors, catalogs, mail order, toll free numbers for delivery, or electronic means (e.g., the Internet), including products bearing the Proprietary Marks; and

**(d)** To (i) acquire one or more retail businesses that are the same as, or similar to, Snapology businesses then operating under the System (each an "Acquired Business"), which may be at any location within or outside the Development Area notwithstanding their proximity to the Development Area or their actual or threatened impact on sales or development of any of Developer's Units, and to (ii) operate and/or license others to operate any Acquired Business under its existing name or as a Snapology business under the System, subject to the following conditions that apply to each Acquired Business located within the Development Area:

1. Provided that Developer is in compliance with this Agreement and any other agreement with Franchisor, Franchisor may, in its sole discretion, offer to Developer the option to purchase and operate, as a Snapology business, an Acquired Business that is purchased by Franchisor for operation by Franchisor or its affiliates. If Franchisor in its sole discretion offers to Developer such an option, Franchisor shall provide Developer with written notice of Franchisor's purchase of the Acquired Business(es), the terms and conditions applicable to the Developer's option to purchase such Acquired Business(es), and such other information that Franchisor deems necessary to include in the notice. The terms and conditions offered to Developer shall include, without limitation, the following: (a) the

purchase price which shall be determined by Franchisor in its sole discretion; and (b) the requirement that Developer enter into Franchisor's then-current form of franchise agreement for the Acquired Business, provided that Developer shall not be required to pay an initial franchise fee for an Acquired Business.

2. If Developer does not elect to purchase, or fails to complete the purchase of, an Acquired Business, Franchisor shall retain its right to operate itself, or through its affiliates or third-party licensees or franchisees, the Acquired Business under any trade name or trademarks including the Proprietary Marks. If an Acquired Business is part of a system of retail businesses that Franchisor acquires (an "Acquired System"), franchised or otherwise, Franchisor may also license or franchise to third parties under the Acquired System additional units of the Acquired System so that such third parties have the right to develop and operate within the Development Area.

1.4. No Rights to Use the System. This Agreement is not a franchise agreement and does not grant to Developer any right to use the Proprietary Marks or the System or to sell or distribute any products or services. Developer's rights to use the Proprietary Marks and System will be granted solely under the terms of the Franchise Agreement.

## 2. TERM OF DEVELOPMENT AGREEMENT

2.1. Term. Unless sooner terminated, the term ("Term") of this Agreement begins on the Effective Date and, unless otherwise negotiated, terminated, or extended as provided in this Agreement, expires on the earlier of: ***(a)*** the date on which you have completed your development obligations under this Agreement pursuant to Attachment B, or ***(b)*** 12:00 midnight CST on the last projected opening date identified in the Development Schedule in Attachment B.

2.2. Effect of Termination or Expiration. Upon termination or expiration of this Agreement, all territorial protection afforded under this Agreement ends (particularly under Section 1.2. above), and you have no further right to develop any Units for which a Franchise Agreement has not been signed. Termination or expiration of this Agreement does not affect any rights or obligations under any then-existing Franchise Agreements. For purposes of clarity, upon expiration or termination, Developer shall no longer have any rights to the Development Area other than the Protected Areas defined in each Unit's then-existing Franchise Agreement. This Agreement cannot be renewed upon termination or expiration.

## 3. FEES

3.1. Development Fee. Upon execution of this Agreement, you shall pay to Franchisor a Development Fee in the amount set forth on the Summary Page ("Development Fee") pursuant to the Development Fee Schedule below. The Development Fee is fully earned by Franchisor when paid and is not refundable, in whole or in part, under any circumstances.

| **Number of Snapology Businesses** | **Development Fee For Each** | **Total Development Fee** |
|---|---|---|
| 1 | $40,000 | $40,000 |
| 2 | $36,000 | $76,000 |
| 3 | $32,000 | $108,000 |

3.2. Credit Towards Franchise Fee. If the Developer has paid the respective Development Fee, Developer will not pay any additional initial franchise fees ("**Franchise Fee**") for any of the Units to be developed under this Agreement.

## 4. DEVELOPMENT SCHEDULE AND MANNER FOR EXERCISING DEVELOPMENT RIGHTS

4.1. Separate Franchise Agreements. The Franchise Agreement for the first Unit to be developed under this Agreement is the form attached to the current franchise disclosure document, and shall be executed at the same time as this Agreement. The Franchise Agreement for the second and each additional Unit to be developed is the form of Franchisor's then-current Franchise Agreement, the terms of which may be materially different from the terms of the first franchise agreement. At the time you are ready to develop your second and each subsequent Unit, you will be disclosed with the then-current Snapology franchise disclosure document with the then-current form of franchise agreement. Each Unit developed hereunder shall be at a specific location, which shall be designated in the respective franchise agreement that is within the Development Area.

4.2. Time is of the Essence. Recognizing that time is of the essence, Developer shall comply strictly with the Development Schedule. Developer acknowledges and agrees that the Development Schedule requires that Developer have executed and delivered to Franchisor Franchise Agreements for a cumulative number of Franchised Locations by the end of the time periods specified in Exhibit A.

4.3. Manner for Exercising Development Rights.

Before exercising any development right granted hereunder, you shall apply to Franchisor for a franchise to operate a Unit. If Franchisor, in its sole discretion, determines that you have met each of the following operational, financial, and legal conditions, then Franchisor will grant you a franchise for each respective Unit:

***(a)*** Operational Conditions: You are in compliance with the Development Schedule and this Agreement, and you or your Affiliates are in compliance with any other agreement between them and Franchisor or its Affiliates, including any other franchise agreement executed with Franchisor. You are conducting the operation of your existing Units, if any, and are capable of conducting the operation of the proposed Unit in accordance with the terms and conditions of this Agreement, the respective Franchise Agreements, and the standards, specifications, and procedures set forth and described in the Manuals (defined in the Franchise Agreement).

***(b)*** Financial Conditions: You and your Owners satisfy Franchisor's then-current financial criteria for developers and Owners of Snapology businesses. You and your Owners have been and are faithfully performing all terms and conditions under each of the existing Franchise Agreements with Franchisor. You are not in default, and have not been in default during the 12-month period immediately preceding your request for financial approval, of any monetary obligations owed to Franchisor or its Affiliates under any Franchise Agreement or any other agreement between you or your Affiliates and Franchisor or its Affiliates. You acknowledge and agree that it is vital to Franchisor's interest that each of its franchisees must be financially sound to avoid failure of a restaurant and that such failure would adversely affect the reputation and good name of Snapology businesses and the System.

***(c)*** Legal Conditions: You have submitted to Franchisor, in a timely manner, all information and documents requested by Franchisor as a basis for the issuance of individual franchises or pursuant to any right granted to you by this Agreement or by any Franchise Agreement. This includes, but is not limited to, certificates of formation or articles of incorporation (or its equivalent), EIN information, company or operation agreement (or its equivalent), contact information for all Owners, and any other information Franchisor may reasonably require from time to time.

4.4. Development Schedule. Acknowledging that time is of the essence, you agree to exercise your development rights according to Section 4.3. and the Development Schedule reflected Attachment B. You may, subject to the terms and conditions of this Agreement and with Franchisor's prior written consent, which may be withheld in its sole discretion, develop Units early, *i.e.*, more than the total minimum number of Units which you are required to develop during any applicable Development Period. Any Unit developed in excess of the minimum number of Units required to be developed during the applicable Development Period shall be applied to satisfy your development obligation during the next succeeding Development Period, if any. You shall not open or operate more than the cumulative total number of Units you are obligated to develop under the Development Schedule.

4.4.1. During the term of this Agreement, if you cease to operate any Unit developed under this Agreement or the respective franchise agreement for any reason, then you must develop a replacement Unit if required by Franchisor and upon Franchisor's consent. If Franchisor does not require or approve your development of the replacement Unit, then you lose the right to develop the Unit and the respective Development Area. The replacement Unit shall be developed within a reasonable time (not to exceed 60 days) after you cease to operate the original Unit. If you desire to open the replacement Unit in an area outside of the original Protected Area of original Unit, you must obtain Franchisor's written consent before relocating. If, during the term of this Agreement, you transfer your interest in a Unit in accordance with the terms of the applicable Franchise Agreement for the Unit, the transferred Unit will continue to be counted in determining whether you have complied with the Development Schedule so long as it continues to be operated as a Snapology business. If the transferred Unit ceases to be operated as a Snapology business during the term of this Agreement, you shall develop a replacement Unit within a reasonable time (not to exceed 120 days) thereafter.

4.4.2. Your failure to adhere to the Development Schedule (including any extensions thereof, approved by Franchisor in writing) or to any time period for the development of replacement Units is a material default of this Agreement for which Franchisor may terminate this Development Agreement, in its sole discretion, in addition to any other remedies available to it under law. Franchisor, in its discretion, may elect, in lieu of terminating this Agreement, to use other remedial measures for Developer's breach of this Agreement, which include, but are not limited to: **(a)** loss of the limited exclusivity, or reduction in the scope of protections, granted to Developer under Article 1 herein for the Development Area; **(b)** reduction in the scope of the Development Area; or **(c)** reduction in the number of Units to be developed under the Development Schedule. If Franchisor exercises said right, Franchisor shall not have waived its right to, in the case of future defaults, exercise all other rights and invoke all other provisions that are provided in law and/or set out under this Agreement, including immediate termination of this Agreement.

4.4.3. You acknowledge and agree that you have conducted an independent investigation of the business contemplated under this Agreement, that you fully understand your obligations under this Agreement, and that you recognize and assume all associated risks. In addition, you acknowledge that Franchisor makes no representation: **(a)** that your Development Area contains a sufficient number of acceptable locations to meet the number of Units to be developed under the Development Schedule; or **(b)** that your Development Area is sufficient to economically support the number of Units to be developed under the Development Schedule. You acknowledge that you have performed all related and necessary due diligence before your execution of this Agreement and that, accordingly, you assume the risk of identifying a sufficient number of acceptable locations within the Development Area and the economic risk of developing the number of Units set forth in Exhibit B.

4.5. Projected Opening Dates. You must open each Unit by the projected opening date in Attachment B (the "Projected Opening Date"). You acknowledge that the Projected Opening Date for each Unit to be developed hereunder is reasonable. Subject to your compliance with Section 4.3., hereof, you shall execute a Franchise Agreement for each Unit at or prior to the date set forth in Attachment B, which shall be a date no later than six months prior to the Projected Opening Date for the applicable Unit.

4.5.1. No sooner than 30 days prior to the respective the "Franchise Agreement Execution Date" identified in Attachment B, you shall request a Franchise Agreement for each Unit to be developed during the Development Period.

4.5.2. Upon receiving your request, Franchisor shall deliver to you its then-current form of its Snapology franchise disclosure document and execution copies of its then-current form of Franchise Agreement.

4.5.3. No later than the Franchise Agreement Execution Date identified in the Development Schedule (but no sooner than as permitted by law), you shall sign and return a signed copy of the Franchise Agreement due thereunder.

4.5.4. Franchisor shall approve and countersign the Franchise Agreement if:

***(a)*** You are in compliance with this Agreement and all other agreements between you or your Affiliates and Franchisor including, without limitation, all Franchise Agreements signed under this Agreement. If this condition is not met, Franchisor may require you to cure any deficiencies before it approves and countersigns the Franchise Agreement.

***(b)*** You have demonstrated to Franchisor, in Franchisor's sole discretion, your financial and other capacity to perform the obligations set forth in the proposed new Franchise Agreement.

***(c)*** You, your Owners, each of your Affiliates, and their Owners who have a then-currently effective Franchise Agreement or Development Agreement with Franchisor has signed a general release, in a form prescribed by Franchisor, of any and all claims that the party has, had, or claims to have against Franchisor and/or its Affiliates and their respective officers, directors, agents and employees, whether the claims are known or unknown, arising out of or relating to this Agreement, any Franchise Agreement, the relationship created by this Agreement or any Franchise Agreement, and the offer and sale of a Snapology franchise opportunity.

## 5. DUTIES OF THE PARTIES

5.1 Maintaining Records. Developer shall maintain during the term of this Agreement, and shall preserve for at least seven (7) years from the dates of their preparation, and shall make available to Franchisor at Franchisor's request and at Developer's expense, full, complete, and accurate books, records, and accounts in accordance with generally accepted accounting principles.

5.2 Designated Principal. If Developer is other than an individual, Developer shall designate, subject to Franchisor's approval, one Owner, as identified in Attachment C, who is both an individual person and owns at least a ten percent (10%) of Developer, and who shall be responsible for general oversight and management of the development of the Franchised Locations under this Agreement pursuant to the Development Schedule (the "**Designated Principal").** Once open, the Developer or Designated Principal may appoint a Designated Manager, pursuant to the respective Franchise Agreement, to operate the Unit. Developer acknowledges and agrees that Franchisor shall have the right to rely upon the Designated Principal to have been given, by Developer, the responsibility and decision-making authority regarding the Developer's business and operation. In the event the person designated as the Designated Principal becomes incapacitated, leaves the employ of Developer, transfers his/her interest in Developer, or otherwise ceases to supervise the development of the Franchised Locations, Developer shall promptly designate a new Designated Principal, subject to Franchisor's approval.

5.3 Records and Reports to Franchisor. Developer shall, at its expense, comply with the following requirements to prepare and submit to Franchisor upon request the following reports, financial statements and other data, which shall be prepared in the form and using the standard statements and chart of accounts as Franchisor may prescribe from time to time:

5.3.1. No later than the twentieth (20th) day of each calendar month, Developer shall have prepared a profit and loss statement reflecting all of Developer's operations during the last preceding calendar month, for each Franchised Location. Developer shall prepare profit and loss statements on an accrual basis and in accordance with generally accepted accounting principles. Developer shall submit such statements to Franchisor at such times as Franchisor may designate or as Franchisor may otherwise request;

5.3.2. On April 15th of the year following the end of Developer's fiscal year, a complete annual financial statement (prepared according to generally accepted accounting principles), on a compilation basis, and if required by Franchisor, such statements shall be prepared by an independent certified public accountant; and

5.3.3. Such other forms, reports, records, information, and data as Franchisor may reasonably designate.

5.4. Compliance with Laws. Developer shall fully comply with all federal, state, and local laws, rules, and regulations when exercising its rights and fulfilling your obligations under this Agreement and any franchise agreement.

**6. COVENANTS**

6.1. Confidential Information. Developer shall at all times preserve in confidence any and all materials and information furnished or disclosed to Developer by Franchisor, and shall disclose such information or materials only to such of Developer's employees or agents who must have access to it in connection with their employment. Developer shall not at any time, during the term of this Agreement or thereafter, without Franchisor's prior written consent, copy, duplicate, record, or otherwise reproduce such materials or information, in whole or in part, nor otherwise make the same available to any unauthorized person.

6.2. During the Term. Developer specifically acknowledges that, pursuant to this Agreement, Developer will receive valuable specialized training and confidential information, which may include, without limitation, information regarding the operational, sales, advertising and promotional methods and techniques of Franchisor and the System. Developer covenants that during the term of this Agreement, except as otherwise approved in writing by Franchisor, Developer shall not, either directly or indirectly, for itself, or through, on behalf of, or in conjunction with any person, persons, partnership, or corporation:

***(a)*** Divert or attempt to divert, or solicit or attempt to solicit, any business or guest of any Snapology business or of any unit under the system to any competitor, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the proprietary marks or the system.

***(b)*** Own, maintain, operate, engage in, be employed by, provide any assistance to, or have any more than a one percent (1%) interest in (as owner or otherwise) any Competitive Business (as defined in Attachment A). Developer acknowledges and agrees that Developer shall be considered in default under this Agreement and that this agreement will be subject to immediate termination in sole discretion of Franchisor, in the event that a person in the immediate family (including spouse, domestic partner, parent or child) of Developer (or, if Developer is other than an individual, each Owner that is subject to these covenants) engages in a Competitive Business that would violate this section 6.2 if such person was subject to the covenants of this section 6.2.

6.3. Post-Termination. Developer covenants that, except as otherwise approved in writing by Franchisor, for a continuous uninterrupted period of two (2) years from the date of (a) a transfer permitted under Section 8 below; (b) expiration of this Agreement; (c) termination of this Agreement (regardless of the cause for termination); (d) a final order of a duly authorized arbitrator, panel of arbitrators, or a court of competent jurisdiction (after all appeals have been taken) with respect to any of the foregoing or with respect to enforcement of this Section 8.3; or (e) any or all of the foregoing, Developer shall not either directly or indirectly, for itself, or through, on behalf of, or in conjunction with any person, partnership, corporation, or other entity, own, maintain, operate, engage in, be employed by, or have any interest in any

Competitive Business, which is, or is intended to be, located (i) within the Development Area (other than those Units provided for in the Development Schedule), or (ii) within a radius of twenty-five (25) miles of any other Snapology business' protected territory in operation or under development on the effective date of termination or expiration located anywhere. Provided, however, that this provision shall not apply to the operation by Developer of any business under the System under a franchise agreement with Franchisor.

6.4. Exception for Ownership in Public Entities. Sections 6.2 and 6.3 hereof shall not apply to ownership by Developer of less than a five percent (5%) beneficial interest in the outstanding equity securities of any publicly held corporation. As used in this Agreement, the term "publicly held corporation" refers to a corporation which has outstanding securities that have been registered under the federal Securities Exchange Act of 1934.

6.5. Personal Covenants. At the request of Franchisor, Developer shall obtain and furnish to Franchisor executed covenants similar in substance to those set forth in this Article 6 (including covenants applicable upon the termination of a person's relationship with Developer) from all managers and other personnel employed by Developer who have received or will receive training and/or other confidential information, or who are or may be involved in the operation or development of the Franchised Locations. Every covenant required by this Article 6 shall be in a form approved by Franchisor, including specific identification of Franchisor as a third-party beneficiary of such covenants with the independent right to enforce them.

6.6. Covenants as Independent Clauses. The parties agree that each of the foregoing covenants shall be construed as independent of any other covenant or provision of this Agreement. If all or any portion of a covenant in this Article 6 is held unreasonable or unenforceable by a court or agency having valid jurisdiction in an unappealed final decision to which Franchisor is a party, Developer expressly agrees to be bound by any lesser covenant subsumed within the terms of such covenant that imposes the maximum duty permitted by law, as if the resulting covenant were separately stated in and made a part of this Article 6.

6.7. Covenants Survive Claims. Developer expressly agrees that the existence of any claims it may have against Franchisor, whether or not arising from this Agreement, shall not constitute a defense to the enforcement by Franchisor of the covenants in this Article 6. Developer agrees to pay all costs and expenses (including attorneys' fees) incurred by Franchisor in connection with the enforcement of this Section 8.

6.8. Compliance with Laws. Developer represents and warrants to Franchisor that neither Developer (including, without limitation, any and all of its Principals, employees, directors, officers and other representatives) nor any of its affiliates or the funding sources for either is a person or entity designated with whom Franchisor, or any of its affiliates, are prohibited by law from transacting business.

6.9. Breach of Covenants Causes Irreparable Injury. You acknowledge that your violation of any covenant of this Article 6 would result in irreparable injury to Franchisor for which no adequate remedy at law may be available, and you consent to the issuance of, and agree to pay all court costs and attorneys' fees incurred by Franchisor in obtaining, without the posting of any bond, an *ex parte* or other order for injunctive or other legal or equitable relief with respect to such conduct or action.

## 7. INDEPENDENT CONTRACTOR AND INDEMNIFICATION

7.1. Independent Contractor. The parties acknowledge and agree that you are operating the business contemplated under this Agreement as an independent contractor. Nothing contained in this Agreement shall create or be construed to create a partnership, joint venture, joint employer, or agency relationship between the parties. Neither party has any fiduciary obligations to the other or will be liable for the debts or obligations of the other. Neither party has the right to bind the other, transact business in the other party's name or in any manner make any promises or representations on behalf of the other party, unless otherwise agreed in writing by the parties. or shall conspicuously identify yourself and the business contemplated under this Agreement in all dealings with your customers, contractors, suppliers, public officials, and others, as an independent franchisee of Franchisor, and shall place a conspicuous notice, in the form and at such place as Franchisor prescribes, notifying the public of such independent ownership. During the term of this Agreement, Developer shall hold itself out to the public as an independent contractor operating the business pursuant to an Development Agreement with Franchisor. Developer agrees to take such action as may be necessary to do so, including, without limitation, exhibiting a notice of the fact in a conspicuous place in Developer's offices, the content of which Franchisor reserves the right to specify.

**7.2. INDEMNIFICATION. YOU SHALL INDEMNIFY AND HOLD HARMLESS TO THE FULLEST EXTENT BY LAW, FRANCHISOR, ITS AFFILIATES AND THEIR RESPECTIVE DIRECTORS, OFFICERS, MANAGERS, EMPLOYEES, SHAREHOLDERS, AND AGENTS, (COLLECTIVELY, "INDEMNITEES") FROM ANY AND ALL "LOSSES AND EXPENSES" (AS HEREINAFTER DEFINED) INCURRED IN CONNECTION WITH ANY LITIGATION OR OTHER FORM OF ADJUDICATORY PROCEDURE, CLAIM, DEMAND, INVESTIGATION, OR FORMAL OR INFORMAL INQUIRY (REGARDLESS OF WHETHER SAME IS REDUCED TO JUDGMENT) OR ANY SETTLEMENT THEREOF ARISING OUT OF OR RELATED TO THE BUSINESS CONTEMPLATED UNDER THIS AGREEMENT ("EVENT"), AND REGARDLESS OF WHETHER SAME RESULTED FROM ANY STRICT OR VICARIOUS LIABILITY IMPOSED BY LAW ON THE INDEMNITEES; PROVIDED, HOWEVER, THAT THIS INDEMNITY SHALL NOT APPLY TO ANY LIABILITY ARISING FROM THE GROSS NEGLIGENCE OF INDEMNITEES (EXCEPT TO THE EXTENT THAT JOINT LIABILITY IS INVOLVED, IN WHICH EVENT THE INDEMNIFICATION PROVIDED IN THIS AGREEMENT SHALL EXTEND TO ANY FINDING OF COMPARATIVE NEGLIGENCE OR CONTRIBUTORY NEGLIGENCE ATTRIBUTABLE TO YOU). FOR THE PURPOSE OF THIS SECTION 7.3, THE TERM "LOSSES AND EXPENSES" INCLUDE COMPENSATORY, EXEMPLARY, OR PUNITIVE DAMAGES; FINES AND PENALTIES; ATTORNEYS' FEES; EXPERTS' FEES; COURT COSTS; COSTS ASSOCIATED WITH INVESTIGATING AND DEFENDING AGAINST CLAIMS; SETTLEMENT AMOUNTS; JUDGMENTS; COMPENSATION FOR DAMAGES TO FRANCHISOR'S REPUTATION AND GOODWILL; AND ALL OTHER COSTS ASSOCIATED WITH ANY OF THE FOREGOING LOSSES AND EXPENSES. YOU SHALL GIVE FRANCHISOR PROMPT NOTICE OF ANY EVENT OF WHICH YOU ARE AWARE, FOR WHICH INDEMNIFICATION IS REQUIRED, AND, AT YOUR EXPENSE AND RISK, FRANCHISOR MAY ELECT TO ASSUME (BUT UNDER NO CIRCUMSTANCE IS OBLIGATED TO UNDERTAKE) THE DEFENSE AND/OR SETTLEMENT THEREOF, PROVIDED THAT FRANCHISOR WILL SEEK YOUR ADVICE AND COUNSEL. ANY ASSUMPTION BY FRANCHISOR SHALL NOT MODIFY YOUR INDEMNIFICATION OBLIGATION. FRANCHISOR MAY, IN ITS SOLE AND ABSOLUTE DISCRETION, TAKE SUCH ACTIONS AS IT SEEMS NECESSARY AND APPROPRIATE TO INVESTIGATE, DEFEND, OR SETTLE ANY EVENT OR TAKE OTHER REMEDIAL OR CORRECTIVE ACTIONS WITH RESPECT THEREOF AS MAY BE, IN FRANCHISOR'S SOLE AND ABSOLUTE DISCRETION, NECESSARY FOR THE PROTECTION OF THE INDEMNITIES OR THE SYSTEM.**

7.3. No Assumption of Liability. Nothing in this Agreement authorizes Developer to make any contract, agreement, warranty, or representation on Franchisor's or any of its Affiliates' behalf, or to incur any debt or other obligation in Franchisor's or its Affiliates' name; and that Franchisor and Affiliates shall in no event assume liability for, or be deemed liable hereunder as a result of, any such action; nor shall Franchisor be liable by reason of any act or omission of Developer in Developer's operations hereunder, or for any claim or judgment arising therefrom against Developer or Franchisor.

## 8. TRANSFER OF INTEREST

8.1. Transfer by Franchisor. Franchisor shall have the uninhibited right to transfer or assign all or any part of its rights or obligations under this Agreement to any person or legal entity without Developer's consent or prior notice. With respect to any assignment which results in the subsequent performance by the assignee of all of Franchisor's obligations under this Agreement, the assignee shall expressly assume and agree to perform such obligations, and shall become solely responsible for all of Franchisor's obligations under this Agreement from the date of assignment. In addition, and without limitation to the foregoing, you expressly affirm and agree that Franchisor and/or its Affiliates may sell their assets, the Proprietary Marks, Copyrighted Works or the System; may sell securities in a public offering or in a private placement; may merge, acquire other corporations, or be acquired by another corporation; and may undertake a refinancing, recapitalization, leveraged buy-out, or other economic or financial restructuring. With regard to any of the above sales, assignments and dispositions, you expressly and specifically waive any claims, demands, or damages arising from or relating to the loss of Franchisor's name, the Proprietary Marks (or any variation thereof), Copyrighted Works, and System and/or the loss of association with or identification of SNAPOLOGY, LLC as the franchisor under this Agreement. You specifically waive any and all other claims, demands, or damages arising from or related to the foregoing merger, acquisition, and other business combination activities including, without limitation, any claim of divided loyalty, breach of fiduciary duty, fraud, breach of contract, or breach of the implied covenant of good faith and fair dealing. You agree that Franchisor has the right, now or in the future, to purchase, merge, acquire, or affiliate with an existing competitive or non-competitive franchise network, chain, or any other business regardless of the location of that chain's or business' facilities, and to operate, franchise or license those businesses and/or facilities as Snapology businesses operating under the Proprietary Marks or any other marks following Franchisor's purchase, merger, acquisition or affiliation, regardless of the location of these facilities (which you acknowledge may be proximate to any Snapology business developed under this Agreement).

8.2. Transfer by Individual Developer to Business Entity for Convenience. If you are an individual, you may transfer your interest in this Agreement to a Business Entity for convenience of operation within the first 12 months of this Agreement by signing Franchisor's standard form of assignment and assumption agreement if: ***(a)*** the Business Entity is formed solely for purposes of continuing your development rights and obligations; ***(b)*** you provide to Franchisor a copy of the Business Entity's formation and governing documents (including disclosure of all owners of such entity) and a certificate of good standing from the jurisdiction under which the Business Entity was formed; ***(c)*** you sign a general release in favor of Franchisor and in the form Franchisor requires; ***(d)*** you pay to Franchisor a $3,500 administrative fee; and ***(e)*** you and all other Owners who own greater than 10% ownership interest in the Developer sign an Undertaking and Guaranty in the form of Attachment D.

8.3. Transfer Among Owners; Transfer of Non-Controlling Interest. If you are a Business Entity, your Owners may transfer their ownership interests in the Business Entity among each other, and may transfer up to a Non-Controlling Interest in the Business Entity to one or more third parties, if: ***(a)*** you have provided to Franchisor advance notice of the transfer and have obtained our prior written consent, which shall not be unreasonably withheld; ***(b)*** Attachment C to this Agreement has been amended to reflect the new ownership; ***(c)*** each new Owner who owns greater than 10% ownership interest in the Developer has signed a Undertaking and Guaranty in the form of Attachment D; ***(d)*** each previous and/or new Owner has signed a general release in favor of Franchisor and in the form Franchisor requires, ***(d)*** you pay to Franchisor a $3,500 administrative fee; and ***(e)*** you must be in compliance with the Development Agreement. Transfers under this Section 8.3. are limited to once per rolling 12-month period; otherwise, transfers under this Section 8.3. shall be subject to an administrative fee of 25% of the then-current initial franchise fee. For purposes of this Section 8.3 only, "Non-Controlling Interest" shall mean 20% or less of the total outstanding units or assets in the Franchised Business.

8.4. Transfer of Agreement; Transfer of Controlling Interest. All other transfers (including any sale or transfer of your interest in this Agreement and the sale of a Controlling Interest in you if you are a Business

Entity) require Franchisor's prior written consent. Franchisor will not unreasonably withhold its consent to a transfer, but may condition its consent on satisfaction of any or all of the following:

8.4.1. Your written request for consent and delivery of a copy of the proposed transfer agreements, including sale terms, at least 30 days prior to the proposed transfer, and Franchisor has determined, in its sole discretion, that the terms of the sale will not materially and adversely affect the post transfer viability of any Franchised Business in operation at the time of transfer.

8.4.2. The transferee has demonstrated to Franchisor's satisfaction that the transferee meets Franchisor's then-current educational, managerial and business standards; possesses a good moral character, business reputation and credit rating; has the aptitude and ability to operate each Franchised Business; and has sufficient equity capital to operate each Franchised Business (which condition shall be presumed if the transferee's net worth is equal to or exceeds your net worth at the time of transfer, excluding the value of each Franchised Business);

8.4.3. All of your accrued monetary obligations and all other outstanding obligations to Franchisor, its Affiliates, and third party suppliers shall be up to date, fully paid and satisfied, and you must be in full compliance with this Agreement and any other agreements between you and Franchisor, its Affiliates and your suppliers;

8.4.4. You and each Owner has executed a general release, in a form satisfactory to Franchisor, of any and all claims against Franchisor and its Affiliates and their respective officers, directors, managers, shareholders, agents and employees in their corporate and individual capacities, including, without limitation, claims arising under federal, state and local laws, rules and ordinances; provided, however, that any release will not be inconsistent with any state law regulating franchising;

8.4.5. Payment of the transfer fee equal to $25,000 plus $1,500 for each Unit yet to be developed;

8.4.6. You and the transferee have executed a consent to transfer of this Agreement in the form prescribed by Franchisor;

8.4.7. If the transferee is a Business Entity, then the transferee's Owners each shall sign Franchisor's standard form of Undertaking and Guaranty;

8.4.8. The transferee has have complied with Franchisor's then-current initial training requirements for the operation of each then-existing Unit;

8.4.9. The transferee signs our then-current form of the Development Agreement for the remaining term of your Development Agreement; and

8.4.10. If Franchisor introduced the buyer to you, you have paid all fees due Franchisor under its then-current franchise resale policy or program.

8.5. Transfers Void. Developer understands and acknowledges that Franchisor has granted the rights hereunder in reliance on the business skill, financial capacity, and personal character of Developer or the Owners of Developer if Developer is not an individual. Accordingly, neither Developer nor any Owner shall sell, assign, transfer, pledge or otherwise encumber any direct or indirect interest in the Developer (including any direct or indirect interest in a corporate or partnership Developer), the rights or obligations of Developer under this Agreement, or any material asset of the Developer's business, without the prior written consent of Franchisor, which shall be subject to this Article 8, and to all of the conditions and requirements for transfers set forth in the franchise agreements executed simultaneously with this Agreement that Franchisor deems applicable to a proposed transfer under this Agreement. In addition, Developer's first Unit under its first Franchise Agreement must be open and operating, and Developer must be in compliance with the Development Schedule (and all other terms of this Agreement and all Franchise Agreements and other agreements between Area Development and its affiliates, and Franchisor). Any purported transfer under this Article 8, by operation of law or otherwise, made without Franchisor's prior written consent will be considered null and void and will be considered a material breach of this Agreement, which shall provide Franchisor the right to terminate the agreement without an opportunity to cure.

8.6. Security Interest. You may grant a security interest in this Agreement or the franchise represented by this Agreement only to the limited extent permitted by Section 9-408 of the Uniform Commercial Code. Any such security interest may only attach to an interest in the proceeds of the operation of the Franchised Business and may not entitle or permit the secured party to take possession of or operate the Franchised Business or to transfer your interest in this Agreement or the franchise without Franchisor's consent.

8.7. Private or Public Offerings. If you are a Business Entity and you intend to issue equity interests pursuant to a private or public offering, you shall first obtain Franchisor's written consent, which consent shall not be unreasonably withheld. You must provide to Franchisor for its review a copy of all offering materials (whether or not such materials are required by applicable securities laws) at least 60 days prior to such documents being filed with any government agency or distributed to investors. No offering shall imply (by use of the Proprietary Marks or otherwise) that Franchisor is participating in an underwriting, issuance or offering of your securities, and Franchisor's review of any offering shall be limited to ensuring compliance with the terms of this Agreement. Franchisor may condition its approval on satisfaction of any or all of the conditions set forth in Section 8.4 and on execution of an indemnity agreement, in a form prescribed by Franchisor, by you and any other participants in the offering. For each proposed offering, you shall pay to Franchisor a retainer in an amount determined by Franchisor, which Franchisor shall use to reimburse itself for the actual costs and expenses it incurs (including, without limitation, attorneys' fees and accountants' fees) in connection with reviewing the proposed offering.

8.8. Transfer Upon Death or Incapacitation. Upon the death or permanent incapacity (mental or physical) of the Developer or any Owner, the executor, administrator, or personal representative of such person shall transfer such interest to a third party approved by Franchisor within six months after such death or mental incapacity. Such transfers, including, without limitation, transfers by devise or inheritance, shall be subject to the same conditions as an *inter vivos* transfer, except that the transfer fee shall be waived. In the case of transfer by devise or inheritance, however, if the heirs or beneficiaries of any such person are unable to meet the conditions of this Section 8, the executor, administrator, or personal representative of the decedent shall transfer the decedent's interest to another party approved by Franchisor within six months, which disposition shall be subject to all the terms and conditions for transfer contained in this Agreement. If the interest is not disposed of within such period, Franchisor may, at its option, terminate this Agreement, pursuant to Section 9.3.

8.9. Non-Waiver of Claims. Franchisor's consent to a transfer shall not constitute a waiver of any claims it may have against the transferring party, and it will not be deemed a waiver of Franchisor's right to demand strict compliance with any of the terms of this Agreement, or any other agreement to which Franchisor's and the transferee are parties, by the transferee.

## 9. DEFAULT AND TERMINATION

9.1. Automatic Termination In the Event of Bankruptcy or Insolvency. You shall be deemed to be in default under this Agreement, and all rights granted to you in this Agreement shall automatically terminate without notice, if you become insolvent or make a general assignment for the benefit of creditors; if a petition in bankruptcy is filed by you or such a petition is filed against you and you do not oppose it; if you are adjudicated as bankrupt or insolvent; if a bill in equity or other proceeding for the appointment of a receiver for you or other custodian for your business or assets is filed and consented to by you; if a receiver or other custodian (permanent or temporary) of your assets or property, or any part thereof, is appointed by any court of competent jurisdiction; if proceedings for a composition with creditors under any state or federal law is instituted by or against you; if a final judgment remains unsatisfied or of record for 30 days or longer (unless a supersedeas bond is filed); if you are dissolved; if execution is levied against your business or property; if judicial, non-judicial or administrative proceedings to foreclose any lien or mortgage against any Franchised Location premises or assets or equipment is instituted against you and not dismissed within 30 days; or if the real or personal property of the Franchised Business is sold after levy thereupon by any sheriff, marshal, or constable.

9.2. Termination with Notice and Without Opportunity to Cure. Franchisor has the right to terminate this Agreement, which termination will become effective upon delivery of notice without opportunity to cure if: ***(a)*** you fail to meet the Development Schedule; ***(b)*** you or any Owner is convicted of, or pleads no contest to, a felony, a crime involving moral turpitude, or any other crime or offense that Franchisor believes is reasonably likely to have an adverse effect on the System; ***(c)*** there is any transfer or attempted transfer in violation of Article 8 of this Agreement; ***(d)*** you or any Owner fails to comply with the confidentiality or non-compete covenants in Article 6 and Article 10 of this Agreement; ***(e)*** you or any Owner has made any material misrepresentations in connection with your developer application; or ***(f)*** Franchisor delivers to you three or more written notices of default pursuant to this Article 9 within any rolling 12-month period, whether or not the defaults described in such notices ultimately are cured.

9.3. Termination with 10-Day Cure Period. Franchisor has the right to terminate this Agreement, which termination will become effective upon delivery of written notice of termination, if you fail to cure the following defaults within 10 days after delivery of written notice: ***(a)*** failure to obtain or maintain required insurance coverage at the Units; ***(b)*** failure to pay any amounts due to Franchisor; ***(c)*** failure to pay any amounts due to your trade creditors (unless such amount is subject to a bona fide dispute); ***(d)*** failure to pay any amounts for which Franchisor has advanced funds for or on your behalf, or upon which Franchisor is acting as guarantor of your obligations; ***(e)*** misappropriate, misuse, or otherwise utilize the Proprietary Marks and Confidential Information in a way not authorized by Franchisor; and ***(f)*** if an approved transfer as required by Section 8.9 is not effected within the designated time frame following a death or permanent incapacity (mental or physical).

9.4. Termination with 30-Day Cure Period. Except as otherwise provided in this Article 9, Franchisor has the right to terminate this Agreement, which termination will become effective upon delivery of written notice of termination, if you fail to cure any curable default within 30 days after delivery of written notice.

9.5. Cross-Default. Any default under any agreement (including any franchise agreement) between you and Franchisor or its Affiliates, which your failure to cure within any applicable cure period, shall be considered a default under this Agreement and shall provide an independent basis for termination of this Agreement without an opportunity to cure.

9.6. Additional Remedies. If you are in Default of this Agreement, Franchisor may, in its sole discretion, elect to reduce the number of Units which you may establish pursuant to the Development Schedule. If Franchisor elects to exercise this remedy as set forth above, you agree to continue to develop Units in accordance with your rights and obligations under this Agreement, as modified. Franchisor's exercise of its remedy under this Section 9.7 shall not constitute a waiver by Franchisor to exercise Franchisor's option to terminate this Agreement at any time with respect to a subsequent event of default of a similar or different nature.

9.7. No Further Rights. Developer has no independent or unilateral right to terminate this Agreement. Upon termination or expiration of this Agreement, Developer shall have no right to establish or operate any Snapology business for which a Franchise Agreement has not been executed by Franchisor at the time of termination or expiration. Franchisor's remedies for Developer's breach of this Agreement shall include, without limitation, Developer's loss of its right to develop additional Franchised Locations under this Agreement, and Franchisor's retention of all area development fees paid or owed by Developer. Upon termination or expiration, Franchisor shall be entitled to establish, and to franchise others to establish Snapology businesses in the Development Area, except as may be otherwise provided under any Franchise Agreement which has been executed between Franchisor and Developer or Developer's affiliates.

9.8. Damages Upon Termination. In addition to the above, upon termination or expiration of this Agreement, Developer shall promptly pay all sums owing to Franchisor and its affiliates. Developer acknowledges and confirms that Franchisor will suffer substantial damages as a result of the termination of this Agreement before the Term expires. Some of those damages include lost Royalty Fees, and NAF Contributions, as those terms are defined in the first unit's franchise agreement, and other fees, lost market penetration and goodwill, lost opportunity costs, and expenses that Franchisor will incur in developing or finding another Developer to develop another Snapology franchise in the Development Area (collectively, "Brand Damages"). Franchisor and Developer acknowledge that Brand Damages are difficult to estimate accurately and proof of Brand Damages would be burdensome and costly, although such damages are real and meaningful to Franchisor.

Therefore, upon termination of this Agreement before the Term expires for any reason (subject to this Article 9), Developer agrees to pay Franchisor, within fifteen (15) days after the date of such termination, the entire liquidated damages amount, which is the lesser of i) $50,000 and ii) the Minimum Royalty Fee (as the term is defined in the first unit's franchise agreement), multiplied by 36, multiplied by the number of units undeveloped under this Agreement.

Developer agrees that the liquidated damages calculated under this Section 9.8 represent the best estimate of Franchisor's Brand Damages arising from any termination of this Agreement before the Term expires. Developer's payment of the liquidated damages to Franchisor will not be considered a penalty but, rather, a reasonable estimate of fair compensation to Franchisor for the Brand Damages Franchisor will incur because this Agreement did not continue for the Term's full length.

Developer acknowledges that Developer's payment of liquidated damages is full compensation to Franchisor only for the Brand Damages resulting from the early termination of this Agreement and is in addition to.

## 10. CORPORATION, LIMITED LIABILITY COMPANY, OR PARTNERSHIP

10.1 List of Principals. If Developer is a corporation, limited liability company, or partnership, each Owner of Developer and the interest of each person holding an ownership interest in Developer, shall be identified in Attachment C to the Agreement. Developer shall maintain a list of all owners and immediately furnish Franchisor with an update to the information contained in Attachment C upon any change, which shall be made only in compliance with Section 7 above. Developer shall also appoint a Designated Principal, pursuant to Section 5.2 above.

10.2 Guaranty and Undertaking. Each Owner who owns greater than 10% ownership interest in the Developer shall execute a guaranty and undertaking, and acknowledgment of Developer's covenants and obligations under this Agreement in the form attached hereto as Attachment D.

10.3 Corporations and Limited Liability Companies. If Developer is a corporation or limited liability company, Developer shall comply with the following requirements:

10.3.1. Developer shall be newly organized and its governing documents shall at all times provide that its activities are confined exclusively to developing and operating the Franchised Locations.

10.3.2. Developer shall promptly furnish to Franchisor copies of Developer's articles of incorporation, bylaws, articles of organization, operating agreement and/or other governing documents, and any amendments thereto, including the resolution of the Board of Directors or members authorizing entry into this Agreement.

10.3.3. Developer shall maintain stop transfer instructions against the transfer on its records of any equity securities; and each stock certificate or issued securities of Developer shall conspicuously include upon its face a statement, in a form satisfactory to Franchisor, which references the transfer restrictions imposed by this Agreement; provided, however, that the requirements of this Section 10.3.3 shall not apply to a publicly held corporation.

10.4 Partnerships and Limited Liability Partnerships. If Developer or any successor to or assignee of Developer is a partnership or limited liability partnership, Developer shall comply with the following requirements:

10.4.1. Developer shall be newly organized and its company or operating agreement (or its equivalent) shall at all times provide that its activities are confined exclusively to developing and operating the Franchised Locations.

10.4.2. Developer shall furnish Franchisor with a copy of its company or operating agreement (or its equivalent)as well as such other documents as Franchisor may reasonably request, and any amendments thereto.

10.4.3. Developer shall promptly furnish to Franchisor copies of Developer's certificate of formation (or equivalent), and any other documents filed with the respective state secretary of state or other equivalent agency for formation of such limited liability company or partnership.

10.4.4. The partners of the partnership shall not, without the prior written consent of Franchisor, admit additional general partners, remove a general partner, or otherwise materially alter the powers of any general partner.

## 11. APPLICABLE LAW; DISPUTE RESOLUTION

11.1. Choice of Law. This Agreement and all claims arising out of or related to this Agreement or the parties' relationship created hereby shall be construed under and governed by the laws of the State of Texas (without giving effect to any conflict of laws).

11.2. Mediation.

11.2.1. The parties acknowledge that during the term and any extensions of this Agreement certain disputes may arise that the parties are unable to resolve, but that may be resolvable through mediation. To facilitate such resolution, Franchisor, you, and each Owner agree to submit any claim, controversy, or dispute between Franchisor or its Affiliates (and Franchisor's and its Affiliate's respective owners, officers, directors, managers, agents, representatives, and/or employees) and you or your Affiliates (and your Owners, agents, representatives, and/or employees) arising out of or relating to: ***(a)*** this Agreement or any other agreement between Franchisor and you, ***(b)*** Franchisor's relationship with you, or ***(c)*** the validity of this Agreement or any other agreement between Franchisor and you, to mediation before bringing such claim, controversy, or dispute in a court or before any other tribunal.

11.2.2. The mediation shall be conducted by a mediator agreed upon by Franchisor and you and, failing such agreement within not more than 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 in the city in which Franchisor maintains its principal place of business at the time mediation is initiated. 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.

11.2.3. If the parties are unable to resolve the claim, controversy, or dispute within 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 11.3. The parties agree that statements made during such mediation proceeding will not be admissible for any purpose in any subsequent legal proceeding.

11.2.4. Notwithstanding the foregoing provisions of this Section 11.2, the parties' agreement to mediate shall not apply to controversies, disputes, or claims related to or based on amounts owed to Franchisor pursuant to this Agreement, the Proprietary Marks, or Franchisor's Confidential Information. Moreover, regardless of this mediation agreement, Franchisor and you each have the right in a proper case to seek temporary restraining orders and temporary or preliminary injunctive relief in any court of competent jurisdiction.

11.3. Arbitration. Franchisor and Developer agree that, except for controversies, disputes, or claims related to or based on improper use of the Proprietary Marks or confidential information, all controversies, disputes, or claims between Franchisor and Developer's affiliates, and Franchisor's and their respective shareholders, members, officers, directors, agents, and/or employees, and Developer (and/or Developer's owners, guarantors, affiliates, and/or employees) arising out of or related to (a) this Agreement or any other agreement between Developer and Franchisor; (b) Franchisor's relationship with Developer; (c) the validity, arbitrability, or enforceability of this arbitration provision, Agreement, or any other agreement between Developer and Franchisor; or (d) any System standard must be submitted for binding arbitration, on demand of either party, to the American Arbitration Association (AAA). The arbitration proceedings will be conducted by one arbitrator and, except as this Section otherwise provides, according to the AAA's then current commercial arbitration rules. All proceedings will be conducted at a suitable location chosen by the arbitrator which is within a five (5) mile radius of Franchisor's principal headquarters at the time arbitration is initiated. The arbitrator shall have no authority to select a different hearing locale. All matters relating to arbitration will be governed by the United States Federal Arbitration Act (9 U.S.C. §§ 1 et seq.). Judgment upon the arbitrator's award may be entered in any court of competent jurisdiction.

11.3.1 The arbitrator has the right to award or include in his or her award any relief which he or she deems proper, including, without limitation, money damages (with interest on unpaid amounts from the date due), specific performance, injunctive relief, and attorneys' fees and costs (as allowable under this Agreement or applicable law), provided that the arbitrator may not declare any Proprietary Mark generic or otherwise invalid and Developer and Franchisor waive to the fullest extent the law permits any right to or claim for any punitive, exemplary, treble, and other forms of multiple damages against the other.

11.3.2 Franchisor and Developer agree to be bound by the provisions of any limitation on the period of time in which claims must be brought under applicable law or this Agreement, whichever expires earlier. Franchisor and Developer further agrees that, in any arbitration proceeding, each must submit or file any claim which would constitute a compulsory counterclaim (as defined by Rule 13 of the United States Federal Rules of Civil Procedure) within the same proceeding as the claim to which it relates. Any claim which is not submitted or filed as required is forever barred. The arbitrator may not consider any settlement discussions or offers that might have been made by either Developer or Franchisor.

11.3.3 Franchisor and Developer agree that arbitration will be conducted on an individual, not a class-wide, basis and that an arbitration proceeding between Franchisor and Franchisor's affiliates their respective shareholders, officers, directors, agents, and employees, and Developer (including owners, guarantors, affiliates, and employees) may not be consolidated with any other arbitration proceeding between Franchisor and any other person.

11.3.4 Despite Franchisor's and Developer's agreement to arbitrate, Franchisor and Developer each have the right in a proper case to seek temporary restraining orders and temporary or preliminary injunctive relief from a court of competent jurisdiction; provided, however, that Franchisor and Developer must contemporaneously submit Franchisor's dispute for arbitration on the merits as provided in this Section.

11.3.5 The provisions of this Section are intended to benefit and bind certain third-party non-signatories and will continue in full force and effect subsequent to and notwithstanding this Agreement's expiration or termination.

11.4. Venue. With respect to any controversies, disputes, or claims which are not finally resolved through mediation or arbitration, as provided in Sections 11.2 and 11.3., the parties agree that any action brought by either party against the other in any court, whether federal or state, shall be brought and maintained exclusively and within the state and federal judicial district court serving the district in which we maintain our principal headquarters at the time litigation is initiated or Tarrant County, Texas (if there is a dispute), and the parties hereby waive all questions of personal jurisdiction or venue for the purpose of carrying out this provision. Nothing contained in this Agreement bars Franchisor's right to seek injunctive relief from any court of competent jurisdiction; and you agree to pay all costs and attorneys' fees incurred by Franchisor in obtaining such relief.

11.5. Nonexclusivity of Remedy. No right or remedy conferred upon or reserved to Franchisor or you by this Agreement is intended to be, nor shall be deemed, exclusive of any other right or remedy in this Agreement or by law or equity provided or permitted, but each shall be cumulative of every other right or remedy.

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

11.7. WAIVER OF PUNITIVE DAMAGES. THE PARTIES HEREBY WAIVE TO THE FULLEST EXTENT PERMITTED BY LAW ANY RIGHT TO OR CLAIM OF ANY PUNITIVE OR EXEMPLARY DAMAGES AGAINST THE OTHER AND AGREE THAT IN THE EVENT OF A DISPUTE BETWEEN THEM EACH SHALL BE LIMITED TO THE RECOVERY OF ANY ACTUAL DAMAGES SUSTAINED BY IT.

11.8. Limitation to Bring a Claim. Any and all claims and actions arising out of or relating to this Agreement and/or the relationship of Developer and Franchisor, brought by either party hereto against the other, whether in mediation, in arbitration or in court, shall be commenced within one (1) year from the occurrence of the facts giving rise to such claim or action, or such claim or action shall be forever barred.

11.9. Attorneys' Fees. If either party commences a legal action against the other party arising out of or in connection with this Agreement, the prevailing party shall be entitled to have and recover from the other party its attorneys' fees and costs of suit.

11.10. Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original, but all of which together shall constitute one agreement.

**12. NOTICES**

12.1. Notices. All notices or demands shall be in writing and shall be served in person, by Express Mail, by certified mail; by private overnight delivery; by email, Docusign or other electronic signature system, or other electronic delivery system; or by or by facsimile or other electronic system. Service shall be deemed conclusively made: ***(a)*** at the time of service, if personally served; ***(b)*** 24 hours (exclusive of weekends and national holidays) after deposit in the United States mail, properly addressed and postage prepaid, if served by Express Mail; ***(c)*** upon the earlier of actual receipt or three calendar days after deposit in the United States mail, properly addressed and postage prepaid, return receipt requested, if served by certified mail; ***(d)*** 24 hours after delivery by the party giving the notice, statement or demand if by private overnight delivery; ***(e)*** at the time of transmission by facsimile, if such transmission occurs prior to 5:00 p.m. on a Business Day and a copy of such notice is mailed within 24 hours after the transmission; and ***(f)*** upon delivery of electronic notices, including email. Notices and demands shall be given to the respective parties at the addresses set forth on the Summary Pages, unless and until a different address has been designated by written notice to the other party. Either party may change its address for the purpose of receiving notices, demands and other communications as in this Agreement by providing a written notice given in the manner aforesaid to the other party.

12.2. Notice of Actions. Developer shall notify Franchisor in writing within five (5) days of the receipt of any demand letter, 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 Developer and/or any Unit established under this Agreement.

## 13. CONSTRUCTION

13.1. Entire Agreement. This Agreement and its attachments represent the entire fully integrated agreement between the parties concerning the subject matter hereof, and supersedes all other negotiations, agreements, representations, and covenants, oral or written. Recognizing the costs on both Franchisor and Developer which are uncertain, Franchisor and Developer, each confirm that neither wishes to enter into a business relationship with the other in which any terms or obligations are the subject of alleged oral statements or in which oral statements or non-contract writings which have been or may in the future be, exchanged between them, serve as the basis for creating rights or obligations different than or supplementary to the rights and obligations set forth herein. Accordingly, Franchisor and Developer agree and promise each other that this Agreement supersedes and cancels any prior and/or contemporaneous discussions or writings (whether described as representations, inducements, promises, agreements or any other term), between Franchisor or anyone acting on its behalf and Developer or anyone acting on its behalf, which might be taken to constitute agreements, representations, inducements, promises or understandings (or any equivalent to such term) with respect to the rights and obligations of Franchisor and Developer or the relationship between them. Franchisor and Developer agree and promise each other that they have placed, and will place, no reliance on any such discussions or writings. In accordance with the foregoing, it is understood and acknowledged that this Agreement, the attachments hereto, and the documents referred to herein constitute the entire Agreement between Franchisor and Developer concerning the subject matter hereof, and supersede any prior agreements, no other representations having induced Developer to execute this Agreement. Except for those permitted to be made unilaterally by Franchisor hereunder, no amendment, change, or variance from this Agreement shall be binding on either party unless mutually agreed to by the parties and executed by their authorized officers or agents in writing. Notwithstanding the foregoing, nothing in this or any related agreement is intended to disclaim the express representations made in the Franchise Disclosure Document, its exhibits and amendments. Any representations, warranties, inducements, promises, understandings or agreements between the parties, that are not in the franchise disclosure document which you acknowledge receiving at least 14 days before signing this Agreement or paying any money, or in writing and signed by us and you, are void and not enforceable.

13.2. No Waiver. No waiver or modification of this Agreement or of any covenant, condition, or limitation herein contained shall be valid unless the same is made in writing and duly executed by the party to be charged therewith. No evidence of any waiver or modification shall be offered or received in evidence in any proceeding, arbitration, or litigation between the parties arising out of or affecting this Agreement, or the rights or obligations of any party hereunder, unless such waiver or modification is in writing, duly executed as aforesaid. No failure of Franchisor to exercise any power reserved to it hereunder, or to insist upon strict compliance by Developer with any obligation or condition hereunder, and no custom or practice of the parties in variance with the terms hereof, shall constitute a waiver of Franchisor's right to demand exact compliance with the terms hereof. Waiver by Franchisor of any particular default by Developer shall not be binding unless in writing and executed by the party sought to be charged and shall not affect or impair Franchisor's right with respect to any subsequent default of the same or of a different nature; nor shall any delay, waiver, forbearance, or omission of Franchisor to exercise any power or rights arising out of any breach or default by Developer of any of the terms, provisions, or covenants hereof, affect or impair Franchisor's rights nor shall such constitute a waiver by Franchisor of any right hereunder or of the right to declare any subsequent breach or default. Subsequent acceptance by Franchisor of any payment(s) due to it hereunder shall not be deemed to be a waiver by Franchisor of any preceding breach by Developer of any terms, covenants or conditions of this Agreement.

13.3. Severability. The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement.

13.4. Survival of Terms. Any provision or covenant of this Agreement which expressly or by its nature imposes obligations beyond the expiration or termination of this Agreement shall survive such expiration or termination.

13.5. Definitions and Captions. Unless otherwise defined in this body of this Agreement, capitalized terms have the meaning ascribed to them in Attachment A ("**Glossary of Additional Terms**"). All captions in this Agreement are intended for the convenience of the parties, and none shall be deemed to affect the meaning or construction of any provision of this Agreement.

13.6. Persons Bound. This Agreement shall be binding on the parties and their respective successors and assigns. As applicable, each Owner who owns greater than 10% ownership interest in the Developer shall execute the Undertaking and Guaranty attached as Attachment D. Failure or refusal to do so shall constitute a breach of this Agreement. You and each Owner shall be joint and severally liable for each person's obligations hereunder and under the applicable Undertaking and Guaranty.

13.7. Rules of Construction. Neither this Agreement nor any uncertainty or ambiguity in this Agreement shall be construed or resolved against the drafter of this Agreement, whether under any rule of construction or otherwise. Terms used in this Agreement shall be construed and interpreted according to their ordinary meaning. If any provision of this Agreement is susceptible to two or more meanings, one of which would render the provision enforceable and the other(s) which would render the provision unenforceable, the provision shall be given the meaning that renders it enforceable.

13.8. Timing. Time is of the essence with respect to all provisions in this Agreement. Notwithstanding the foregoing, if performance of either party is delayed on account of a Force Majeure, the applicable deadline for performance shall be extended for a period commensurate with the Force Majeure, but not to exceed 12 months.

13.9. Full Scope of Terms. Developer expressly agrees to be bound by any promise or covenant imposing the maximum duty permitted by law which is subsumed within the terms of any provision hereof, as though it were separately articulated in and made a part of this Agreement, that may result from striking from any of the provisions hereof any portion or portions which a court or agency having valid jurisdiction may hold to be unreasonable and unenforceable in an unappealed final decision to which Franchisor is a party, or from reducing the scope of any promise or covenant to the extent required to comply with such a court or agency order.

13.10. Captions Only for Convenience. All captions in this Agreement are intended solely for the convenience of the parties, and none shall be deemed to affect the meaning or construction of any provision hereof.

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

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

## 14. REPRESENTATIONS

14.1. Representations of Franchisor. Franchisor represents and warrants that ***(a)*** Franchisor is duly organized and validly existing under the law of the state of its formation; ***(b)*** Franchisor is duly qualified and authorized to do business in each jurisdiction in which its business activities or the nature of the properties it owns requires such qualification; and ***(c)*** the execution of this Agreement and the performance of the transactions contemplated by this Agreement are within Franchisor's corporate power and have been duly authorized.

14.2. Representations of Developer. (Initial each subsection)

[______] 14.2.1. You represent and warrant that the information set forth in Attachment C, incorporated by reference hereto, is accurate and complete in all material respects. You shall notify Franchisor in writing within 10 days of any change in the information set forth in Attachment C. You further represent to Franchisor that ***(a)*** you are duly organized and validly existing under the law of the state of your formation; ***(b)*** 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; ***(c)*** 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 development and operation of the Franchised Business. 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 that is the same as or similar to a Snapology business; and ***(d)*** 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 its written partnership or limited liability company agreement and have been duly authorized.

[______] 14.2.2. You represent and warrant that to your actual knowledge: (i) neither Developer nor its officers, directors, managers, members, partners, shareholders, or other individual who own or manage the affairs of Developer, nor any Developer affiliate or related party, or any funding source for any Unit, is identified on the lists of Blocked Persons, Specially Designated Nationals, Specially Designated Terrorists, Specially Designated Global Terrorists, Foreign Terrorists Organizations, and Specially Designated Narcotics Traffickers at the United States Department of Treasury's Office of Foreign Assets Control (OFAC), or the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001, commonly known as the "**USA Patriot Act**," as such lists may be amended from time to time (collectively, "**Blocked Person(s)**"); (ii) neither Developer nor any Developer affiliate or related party is directly or indirectly owned or controlled by the government of any country that is subject to an embargo imposed by the United States government; (iii) neither Developer nor any Developer affiliate or related party is acting on behalf of the government of, or is involved in business arrangements or other transactions with, any country that is subject to such an embargo; (iv) neither Developer nor any Developer affiliate or related party are on the United States Department of Commerce Denied Persons, Entity and Unverified Lists, or the United States Departments of State's Debarred List, as such lists may be amended from time to time (collectively, the "**Lists**"); (v) neither Developer nor any Developer affiliate or related party, during the term of this Agreement, will be on any of the Lists or identified as a Blocked Person; and (vi) during the term of this Agreement, neither Developer nor any Developer affiliate or related party will sell products, goods or services to, or otherwise enter into a business arrangement with, any person or entity on any of the Lists or identified as a Blocked Person. Developer agrees to notify Franchisor in writing immediately upon the occurrence of any act or event that would render any of these representations incorrect.

[______] 14.2.3. You represent and warrant to Franchisor that there are no other agreements, court orders, or any other legal obligations that would preclude or in any manner restrict you from: (a) negotiating and entering into this Agreement; (b) exercising its rights under this Agreement; and/or (c) fulfilling its responsibilities under this Agreement.

[______] 14.2.4. You represent to Franchisor, as an inducement to entry into this Agreement, that Developer has made no misrepresentations in obtaining the franchise.

**The acknowledgments in Sections 14.2.5 through 14.2.8 below apply to all franchisees and franchises except not to any franchisees and franchises that are subject to the state franchise registration/disclosure laws in California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, and Wisconsin.**

[______] 14.2.5. You represent to Franchisor that neither Franchisor nor its agents or representatives have made any representations, and you have not relied on representations made by Franchisor or its agents or representatives, concerning actual or potential sales, expenses, or profit of a Snapology Unit, except for information that may have been contained in Item 19 of the franchise disclosure document delivered to you in connection with your purchase of a Snapology franchise.

[______] 14.2.6. You acknowledge that you have received a complete copy of Franchisor's franchise disclosure document at least 14 calendar days before you signed this Agreement or paid any consideration to Franchisor for your franchise rights.

[______] 14.2.7. You acknowledge that you have read and that you understand the terms of this Agreement and its attachments, and that you have had ample time and opportunity to consult with an attorney or business advisor of your choice about the potential risks and benefits of entering into this Agreement.

[______] 14.2.8. INVESTIGATION OF THE BUSINESS POSSIBILITIES. DEVELOPER ACKNOWLEDGES THAT IT HAS CONDUCTED AN INDEPENDENT INVESTIGATION OF THE BUSINESS OF DEVELOPING AND OPERATING A SNAPOLOGY UNIT, AND RECOGNIZES THAT THE BUSINESS VENTURE CONTEMPLATED BY THIS AGREEMENT INVOLVES BUSINESS RISKS AND THAT ITS SUCCESS WILL BE LARGELY DEPENDENT UPON THE ABILITY OF DEVELOPER (OR, IF DEVELOPER IS A CORPORATION, PARTNERSHIP OR LIMITED LIABILITY COMPANY, THE ABILITY OF ITS PRINCIPALS) AS (AN) INDEPENDENT BUSINESSPERSON(S). FRANCHISOR EXPRESSLY DISCLAIMS THE MAKING OF, AND DEVELOPER ACKNOWLEDGES THAT IT HAS NOT RECEIVED, ANY WARRANTY OR GUARANTEE, EXPRESS OR IMPLIED, AS TO THE POTENTIAL VOLUME, PROFITS, OR SUCCESS OF THE BUSINESS VENTURE CONTEMPLATED BY THIS AGREEMENT. DEVELOPER ACKNOWLEDGES THAT THIS AGREEMENT CONTAINS ALL ORAL AND WRITTEN AGREEMENTS, REPRESENTATIONS AND ARRANGEMENTS BETWEEN THE PARTIES, AND ANY RIGHTS WHICH THE RESPECTIVE PARTIES HERETO MAY HAVE HAD UNDER ANY OTHER PREVIOUS CONTRACT (WHETHER ORAL OR WRITTEN) ARE HEREBY CANCELLED AND TERMINATED, AND NO REPRESENTATIONS OR WARRANTIES ARE MADE OR IMPLIED, EXCEPT AS SPECIFICALLY SET FORTH HEREIN. DEVELOPER FURTHER ACKNOWLEDGES THAT IT HAS NOT RECEIVED OR RELIED ON ANY REPRESENTATIONS ABOUT THE FRANCHISE BY THE FRANCHISOR, OR ITS OFFICERS, DIRECTORS, EMPLOYEES OR AGENTS, THAT ARE CONTRARY TO THE STATEMENTS MADE IN THE FRANCHISOR'S FRANCHISE DISCLOSURE DOCUMENT OR TO THE TERMS AND CONDITIONS CONTAINED HEREIN.

**IN WITNESS WHEREOF**, the parties have executed this Agreement to be effective on the Effective Date set forth above.

| | |
|---|---|
| **FRANCHISOR:** | **DEVELOPER:** |
| SNAPOLOGY, LLC, | ____________________________________ |
| a Pennsylvania limited liability company | a |
| By: ____________________________________ | By: ____________________________________ |
| Ani Mehta, its President | _________________, its _________________ |

**STATE SPECIFIC ADDENDA / RIDERS TO DEVELOPMENT AGREEMENT**

**NO WAIVER OR DISCLAIMER OF RELIANCE IN CERTAIN STATES**

The following provision applies only to franchisees and franchises that are subject to the state franchise registration/disclosure laws in California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, or Wisconsin:

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

## ILLINOIS RIDER TO SNAPOLOGY DEVELOPMENT AGREEMENT

**THIS RIDER** (the "**Rider**") is made and entered into by and between SNAPOLOGY, LLC, a Pennsylvania limited liability company ("**Franchisor**"), and ____________________ a ______________________ ("**Developer**").

1. **BACKGROUND**. Franchisor and Developer are parties to that certain Development Agreement dated __________________________, 20___ (the "Development Agreement") that has been signed concurrently with the signing of this Rider. This Rider is annexed to and forms part of the Development Agreement. This Rider is being signed because (a) any of the offering or sales activity relating to the Development Agreement occurred in Illinois and the Franchised Locations that Developer will operate and develop under the Development Agreement will be located in Illinois, and/or (b) Developer is domiciled in Illinois.

2. **FORUM FOR LITIGATION**. The following sentence is added to the end of Section 11.4 ("Venue") of the Development Agreement:

> In conformance with Section 4 of the Illinois Franchise Disclosure Act, any provision in a franchise agreement that designates jurisdiction and venue in a forum outside of the State of Illinois is void. However, a franchise agreement may provide for arbitration to take place outside of Illinois.

3. **GOVERNING LAW**. Section 11.1 ("Choice of Law") of the Development Agreement is deleted and replaced with the following:

> Illinois law shall govern this Agreement.

4. **ILLINOIS FRANCHISE DISCLOSURE ACT**. The following language is added as Section 11.11 of the Development Agreement:

> 11.11 Illinois Franchise Disclosure Act. Section 41 of the Illinois Franchise Disclosure Act states that any condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of the Act or any other law of Illinois is void.

5. Your rights upon Termination and Non-Renewal of an agreement are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act.

6. No statement, questionnaire or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of: (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on behalf of the Franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

**IN WITNESS WHEREOF**, the parties have executed and delivered this Rider on the dates noted below, to be effective as of the Effective Date of the Development Agreement.

| **FRANCHISOR:** | **DEVELOPER:** |
|---|---|
| SNAPOLOGY, LLC, | ___________________________________ |
| a Pennsylvania limited liability company | a |
| By: ____________________________________ | By: ____________________________________ |
| Ani Mehta, its President | _________________, its _________________ |

## MARYLAND ADDENDUM TO DEVELOPMENT AGREEMENT

**THIS ADDENDUM** (the "**Addendum**") is made and entered into by and between SNAPOLOGY, LLC, a Pennsylvania limited liability company ("**Franchisor**"), and ____________________________________ a ________________________ ("**Developer**").

1. **BACKGROUND**. Franchisor and Developer are parties to that certain Development Agreement dated ___________________________, 20___ (the "Development Agreement") that has been signed concurrently with the signing of this Addendum. This Addendum is annexed to and forms part of the Development Agreement. This Addendum is being signed because (a) Developer is domiciled in Maryland, and/or (b) the Franchised Locations that Developer will operate and develop under the Development Agreement will be located in Maryland.

2. **GENERAL RELEASE**. The following sentence is added to the end of Sections 4.5.4, 8.2, 8.3, and 8.4.4 of the Development Agreement:

> The general release required as a condition of renewal, sale, and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

3. **FORUM FOR LITIGATION**. The following language is added to the end of Section 11.4 ("Venue") of the Development Agreement:

> Developer may bring an action in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

4. **LIMITATION OF CLAIMS**. The following sentence is added to the end of Section 11.8 ("Limitation") of the Development Agreement:

> Developer must bring any claims arising under the Maryland Franchise Registration and Disclosure Law within 3 years after Franchisor grant Developer the franchise.

5. **REPRESENTATIONS**. Sections 14.2.5 through 14.2.8 of the Development Agreement are hereby deleted.

6. **ACKNOWLEDGMENTS**. The following language is added as Section 14.3 of the Development Agreement:

14.3. **ACKNOWLEDGMENTS**. All representations requiring Developer 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.

**IN WITNESS WHEREOF**, each of the undersigned has executed this Addendum under seal as of the Effective Date of the Development Agreement.

| **FRANCHISOR:** | **DEVELOPER:** |
|---|---|
| SNAPOLOGY, LLC,<br>a Pennsylvania limited liability company | ______________________________________<br>a |
| By: ______________________________________<br>Ani Mehta, its President | By: ______________________________________<br>__________________, its __________________ |

**MINNESOTA RIDER TO SNAPOLOGY DEVELOPMENT AGREEMENT**

**THIS RIDER** (the "**Rider**") is made and entered into by and between SNAPOLOGY, LLC, a Pennsylvania limited liability company ("**Franchisor**"), and ____________________________________ a ________________________ ("**Developer**").

1. **BACKGROUND**. Franchisor and Developer are parties to that certain Development Agreement dated ___________________________, 20___ (the "Development Agreement") that has been signed concurrently with the signing of this Rider. This Rider is annexed to and forms part of the Development Agreement. This Rider is being signed because (a) the Franchised Locations that Developer will operate and develop under the Development Agreement will be located in Minnesota; and/or (b) any of the offering or sales activity relating to the Development Agreement occurred in Minnesota.

2. **FORUM FOR LITIGATION**. The following language is added to the end of Section 11.4 of the Development Agreement:

> NOTWITHSTANDING THE FOREGOING, MINN. STAT. SEC. 80C.21 AND MINN. RULE 2860.4400J PROHIBIT FRANCHISOR, EXCEPT IN CERTAIN SPECIFIED CASES, FROM REQUIRING LITIGATION TO BE CONDUCTED OUTSIDE OF MINNESOTA. NOTHING IN THIS AGREEMENT WILL ABROGATE OR REDUCE ANY OF DEVELOPER'S RIGHTS UNDER MINNESOTA STATUTES CHAPTER 80.C OR DEVELOPER'S RIGHTS TO ANY PROCEDURE, FORUM OR REMEDIES THAT THE LAWS OF THE JURISDICTION PROVIDE.

3. **GOVERNING LAW**. The following statement is added at the end of Section 11.1 of the Development Agreement:

> NOTHING IN THIS AGREEMENT WILL ABROGATE OR REDUCE ANY OF DEVELOPER'S RIGHTS UNDER MINNESOTA STATUTES CHAPTER 80C OR DEVELOPER'S RIGHT TO ANY PROCEDURE, FORUM OR REMEDIES THAT THE LAWS OF THE JURISDICTION PROVIDE.

4. **MUTUAL WAIVER OF JURY TRIAL AND PUNITIVE DAMAGES**. If and then only to the extent required by the Minnesota Franchises Law, Sections 11.6 and 11.7 of the Development Agreement are deleted.

5. **LIMITATION OF CLAIMS**. The following is added to the end of Section 11.8 of the Development Agreement:

> ; provided, however, that Minnesota law provides that no action may be commenced under Minn. Stat. Sec. 80C.17 more than 3 years after the cause of action accrues.

**IN WITNESS WHEREOF**, each of the undersigned has executed this Rider under seal as of the Effective Date of the Development Agreement.

| **FRANCHISOR:** | **DEVELOPER:** |
|---|---|
| SNAPOLOGY, LLC, | ____________________________________ |
| a Pennsylvania limited liability company | a |
| By: ____________________________________ | By: ____________________________________ |
| Ani Mehta, its President | __________________, its __________________ |

## STATE OF NEW YORK RIDER TO SNAPOLOGY DEVELOPMENT AGREEMENT

**THIS RIDER** (the "**Rider**") is made and entered into by and between SNAPOLOGY, LLC, a Pennsylvania limited liability company ("**Franchisor**"), and ____________________________________ a ________________________ ("**Developer**").

1. **BACKGROUND**. Franchisor and Developer are parties to that certain Development Agreement dated ___________________________, 20___ (the "Development Agreement") that has been signed concurrently with this Rider. This Rider is being signed because (a) Developer is domiciled in the State of New York and the Franchised Locations that Developer will operate and develop under the Development Agreement will be located in New York, and/or (b) any of the offering or sales activity relating to the Development Agreement occurred in New York.

2. **TERMINATION OF AGREEMENT - BY DEVELOPER**. The following language is added as Section 9.10. of the Development Agreement:

> Developer also may terminate this Agreement on any grounds available by law under the provisions of Article 33 of the General Business Law of the State of New York.

3. **INJUNCTIVE RELIEF.** The following sentence is added to the end of Section 11.4:

> Franchisor's right to obtain injunctive relief exists only after proper proofs are made and the appropriate authority has granted such relief.

4. **FORUM FOR LITIGATION**. The following statement is added at the end of Section 11.4 ("Consent to Jurisdiction") of the Development Agreement:

> This section shall not be considered a waiver of any right conferred upon Developer by the provisions of Article 33 of the New York State General Business Law, as amended, and the regulations issued thereunder.

5. **GOVERNING LAW.** The following is added to the end of Section 11.1 ("Governing Law") of the Development Agreement:

> This section shall not be considered a waiver of any right conferred upon Developer by the provisions of Article 33 of the New York State General Business Law, as amended, and the regulations issued thereunder.

**IN WITNESS WHEREOF**, each of the undersigned has executed this Rider under seal as of the Effective Date of the Development Agreement.

| **FRANCHISOR:** | **DEVELOPER:** |
|---|---|
| SNAPOLOGY, LLC,<br>a Pennsylvania limited liability company | ____________________________________<br>a |
| By: ____________________________________<br>Ani Mehta, its President | By: ____________________________________<br>__________________, its __________________ |

**RHODE ISLAND RIDER TO SNAPOLOGY DEVELOPMENT AGREEMENT**

**THIS RIDER** (the “**Rider**”) is made and entered into by and between SNAPOLOGY, LLC, a Pennsylvania limited liability company (“**Franchisor**”), and ____________________________________ a ________________________ (“**Developer**”).

1. **BACKGROUND**. Franchisor and Developer are parties to that certain Development Agreement dated ___________________________, 20____ (the “Development Agreement”) that has been signed concurrently with the signing of this Rider. This Rider is annexed to and forms part of the Development Agreement. This Rider is being signed because (a) Developer is domiciled in Rhode Island and the Franchised Locations that Developer will operate and develop under the Development Agreement will be located in Rhode Island; and/or (b) any of the offering or sales activity relating to the Development Agreement occurred in Rhode Island.

2. **TERMINATION.** The following paragraph is added to the end of Section 9:

> 9.10. Notice. Section 6-50-4 of the Rhode Island Fair Dealership Law includes the requirement that, in certain circumstances, a franchisee receive 90 days’ notice of termination, cancellation, non-renewal or substantial change in competitive circumstances. The notice shall state all the reasons for termination, cancellation, non-renewal or substantial change in competitive circumstances and shall provide that the franchisee has 60 days in which to rectify any claimed deficiency and shall supersede the requirements of the Franchise Agreement to the extent they may be inconsistent with the Law’s requirements. If the deficiency is rectified within 60 days the notice shall be void. The above-notice provisions shall not apply if the reason for termination, cancellation or nonrenewal is insolvency, the occurrence of an assignment for the benefit of creditors or bankruptcy. If the reason for termination, cancellation, nonrenewal or substantial change in competitive circumstances is nonpayment of sums due under the Franchise Agreement, Franchisee shall be entitled to written notice of such default, and shall have 10 days in which to remedy such default from the date of delivery or posting of such notice.

3. **GOVERNING LAW / VENUE FOR LITIGATION**. The following language is added to the end of Sections 11.1 and 11.4 of the Development Agreement:

> SECTION 19-28.1-14 OF THE RHODE ISLAND FRANCHISE INVESTMENT ACT PROVIDES THAT “A PROVISION IN A FRANCHISE AGREEMENT RESTRICTING JURISDICTION OR VENUE TO A FORUM OUTSIDE THIS STATE OR REQUIRING THE APPLICATION OF THE LAWS OF ANOTHER STATE IS VOID WITH RESPECT TO A CLAIM OTHERWISE ENFORCEABLE UNDER THIS ACT.” TO THE EXTENT REQUIRED BY APPLICABLE LAW, RHODE ISLAND LAW WILL APPLY TO CLAIMS ARISING UNDER THE RHODE ISLAND FRANCHISE INVESTMENT ACT.

**IN WITNESS WHEREOF**, the parties have executed and delivered this Rider on the dates noted below, to be effective as of the Effective Date of the Development Agreement.

| **FRANCHISOR:** | **DEVELOPER:** |
|---|---|
| SNAPOLOGY, LLC, | ____________________________________ |
| a Pennsylvania limited liability company | a |
| By: _____________________________________ | By: _____________________________________ |
| Ani Mehta, its President | _________________, its _________________ |

## VIRGINIA RIDER TO SNAPOLOGY DEVELOPMENT AGREEMENT

**THIS RIDER IS TO BE SIGNED ONLY IF THE DEVELOPMENT AGREEMENT TO WHICH IT RELATES IS SIGNED ON OR AFTER JULY 1, 2026.**

**THIS RIDER** (the "**Rider**") is made and entered into by and between SNAPOLOGY, LLC, a Pennsylvania limited liability company ("**Franchisor**"), and ____________________________________ a ________________________ ("**Developer**").

1. **BACKGROUND**. Franchisor and Developer are parties to that certain Development Agreement dated ___________________________, 20____ (the "Development Agreement") that has been signed concurrently with the signing of this Addendum. This Addendum is annexed to and forms part of the Development Agreement. This Addendum is being signed because at least one of the Franchised Locations that Developer will operate and develop under the Development Agreement will be located in Virginia.

2. Effective July 1, 2026, the Virginia Retail Franchising Act provides as follows:

   Under subdivision A 4 of § 13.1-563 of the Virginia Retail Franchising Act ("Act"), it is unlawful to offer or enter into a franchise agreement that restricts the right of a franchisee to engage in the business of offering, selling, or distributing goods or services at retail after termination or expiration of the franchise agreement. However, subsection B of § 13.1-563 of the Act provides that if a franchisee sells a franchise at a mutually agreed upon price to a third party or back to the franchisor, such sale may include a term restricting the right of such franchisee to engage in the business of offering, selling, or distributing goods or services at retail for a period of no more than two years after such sale.

   Under subsection D of § 13.1-559 of the Virginia Retail Franchising Act, for all franchises located in Virginia, the franchise contract or agreement offered or entered into pursuant to terms of this chapter shall be governed by the laws of the Commonwealth of Virginia.

To the extent the Development Agreement includes any provision that is wholly or partially unlawful under Virginia law, the unlawful portions of the provision will be deemed to be severed from, and not to be a part of, the Development Agreement to the extent they are unlawful. However, any remaining lawful portions of the provision may be fully enforced.

**IN WITNESS WHEREOF**, the parties have executed and delivered this Rider on the dates noted below, to be effective as of the Effective Date of the Development Agreement.

| **FRANCHISOR:** | **DEVELOPER:** |
|---|---|
| SNAPOLOGY, LLC, | ____________________________________ |
| a Pennsylvania limited liability company | a |
| By: ____________________________________ | By: ____________________________________ |
| Ani Mehta, its President | __________________, its __________________ |

**WASHINGTON RIDER TO SNAPOLOGY DEVELOPMENT AGREEMENT AND ALL RELATED AGREEMENTS**

**THIS RIDER** (the "**Rider**") is made and entered into by and between SNAPOLOGY, LLC, a Pennsylvania limited liability company ("**Franchisor**"), ("Franchisor," "we," "us," or "our"), and _________________ ("Developer," "Franchisee," "you," or "your"). The provisions of this Rider an integral part of, are incorporated into, and modify the Snapology development agreement executed between the Franchisor and Developer, and all related agreements regardless of anything to the contrary contained therein. This Rider 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. **Fees.** The following language is added to the end of Section 3 of the Development Agreement:

> Based upon our financial condition, the Washington Securities Division has required a financial assurance. Therefore, because we have material pre-opening obligations with respect to each franchised business you open under the Development Agreement, payment of the development fee will be released proportionally with respect to each franchise outlet opened and is deferred until we have met all our pre-opening obligations under the Franchise Agreement and you are open for business with respect to each such location.

20. Sections 14.2.5 through 14.2.8 of the Development Agreement are deleted in their entirety.

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

**IN WITNESS WHEREOF,** each of the undersigned has executed this Rider under seal as of the Effective Date of the Development Agreement.

| **FRANCHISOR:** | **DEVELOPER:** |
|---|---|
| SNAPOLOGY, LLC,<br>a Pennsylvania limited liability company | ____________________________________<br>a |
| By: _____________________________________<br>Ani Mehta, its President | By: _____________________________________<br>__________________, its __________________ |

**SNAPOLOGY®**
**DEVELOPMENT AGREEMENT**

**ATTACHMENT A**
**GLOSSARY OF ADDITIONAL TERMS**

"**Affiliate**" means, with respect to Franchisee or any Owner, any (i) direct or indirect parent, subsidiary, or affiliate, (ii) any Person, the management of which is, directly or indirectly, controlled by, or of which an aggregate of more than 10% of the voting Stock is, at the time, owned or controlled directly or indirectly by, such Person or one or more Affiliates of such Person, (iii) Person, including another franchisee of Franchisor, that shares common or partial, direct or indirect ownership, and (iv) any Person that has an ownership interest in another entity, or that controls, is controlled by, or is under common control, directly or indirectly.

"**Affiliated Brand**" means an Affiliate of the Franchisor that offers franchises pursuant to a separate franchise agreement.

"**Business Entity**" means a corporation, limited liability company, limited partnership, or other entity created pursuant to statutory authority.

"**Competitive Business**" means any business that is the same as or similar to Snapology businesses, including without limitation any business or enterprises, franchised or non-franchised, that operates or grants franchises or licenses for services that provide curriculum-based courses, events, classes, and experiences using building toys, robotics, animation, coding, games, and engineering techniques, services, and products.

"**Confidential Information**" means all information, knowledge, elements, trade secrets, and know-how utilized or embraced by the System, or which otherwise concerns Franchisor's systems of operation, programs, services, products, customers, practices, materials, books, records, financial information, manuals, computer files, databases, or software; including, but not limited to: the Standards and all elements of the System and all products, services, equipment, technologies, policies, standards, requirements, criteria, and procedures which now or in the future are a part of the System; all information contained in the Manual, including supplements to the Manual; Franchisor's standards and specifications for product preparation, packaging, and service; all specifications, sources of supply, all procedures, systems, techniques and activities employed by Franchisor or by you in the offer and sale of products and/or services at or from the Franchised Business premises; all pricing paradigms established by Franchisor or by you; all of Franchisor's and/or your sources, or prospective sources, of supply and all information pertaining to same, including wholesale pricing structures, the contents of sourcing agreements, and the identity of vendors and suppliers; Franchisor's specifications; the identify of, and all information relating to, the computer and POS hardware and software utilized by Franchisor and you; all information and data pertaining to Franchisor's and/or your advertising, marketing, promotion, and merchandising campaigns, activities, materials, specifications and procedures; all customer lists and records generated and/or otherwise maintained by your Franchised Business; all internet/web protocols, procedures, and content related to the System and your Franchised Business; Franchisor's training and other instructional programs and materials; all elements of Franchisor's recommended staffing, staff training, and staff certification policies and procedures; all communications between you and Franchisor, including the financial and other reports you are required to submit to Franchisor under this Agreement; additions to, deletions from, and modifications and variations of the components of the System and the other systems and methods of operations which Franchisor employs now or in the future; all other knowledge, trade secrets, or know-how concerning the methods of operation of your Franchised Business which may be communicated to you, or of which you may be apprised, by virtue of operation under the terms of the Franchise Agreement; and all other information, knowledge, and know-how which either Franchisor or its Affiliates, now or in the future, designate as "Confidential Information."

"**Controlling Interest**" means: **(a)** if you are a corporation or a limited liability company, that the Owners, either individually or cumulatively **(i)** directly or indirectly own more than 20% of the shares of each class of the developer entity's issued and outstanding capital stock or membership units, as applicable; and **(ii)** are entitled, under its governing documents and under any agreements among the Owners, to cast a sufficient number of votes to require such entity to take or omit to take any action which such entity is required to take or omit to take under this Agreement; or **(b)** if you are a partnership, that the Owners **(i)** own more than 20% interest in the operating profits and operating losses of the partnership as well as more than 20% ownership interest in the partnership (and more than 20% interest in the shares of each class of capital stock of any corporate general partner); and **(ii)** are entitled under its partnership agreement or applicable law to act on behalf of the partnership without the approval or consent of any other partner or be able to cast a sufficient number of votes to require the partnership to take or omit to take any action which the partnership is required to take or omit to take under this Agreement.

"**Copyrighted Works**" means works of authorship which are owned by Franchisor and fixed in a tangible medium of expression including, without limitation, the content of the Manual, the design elements of the Proprietary Marks, Franchisor's product packaging and advertising and promotional materials, and the content and design of Franchisor's Web site and advertising and promotional materials.

"**Development Area Name**," as defined on the Summary Page, shall mean the general identifying name for the Developer's Development Area, and does not endow any greater area than the Development Area map identified in Attachment B.

"**Development Period**" means each of the time periods indicated on Attachment B during which you shall have the right and obligation to open and continue to operate Snapology businesses.

"**Force Majeure**" means acts of God (such as tornadoes, earthquakes, hurricanes, floods, fire or other natural catastrophe); strikes, lockouts or other industrial disturbances; war, terrorist acts, riot, or other civil disturbance; epidemics; or other similar forces which you could not by the exercise of reasonable diligence have avoided; provided however, that neither an act or failure to act by a Governmental Authority, nor the performance, non-performance or exercise of rights under any agreement with you by any lender, landlord, or other person shall be an event of Force Majeure under this Agreement, except to the extent that such act, failure to act, performance, non-performance or exercise of rights results from an act which is otherwise an event of Force Majeure. Your financial inability to perform or your insolvency shall not be an event of Force Majeure under this Agreement.

"**Franchise Agreement**" means the form of agreement prescribed by Franchisor and used to grant to you the right to own and operate a single Snapology business, including all attachments, exhibits, riders, guarantees or other related instruments, all as amended from time to time. A current form of Franchise Agreement is attached to the current franchise disclosure document, which shall be used for the first Unit. Franchisor reserves the right to modify this form and issue then-current form of franchise agreement under its then-current franchise disclosure document at the time you are ready to develop the second and any subsequent Units.

"**Owners**" means any Person more than ten percent of the Stock in you if you and its officers, directors, and shareholders of a corporation, all managers and members of a limited liability company, all general and limited partners of a limited partnership, and the grantor and the trustee of the trust. If any Owner is a Person, then the term "Owner" also includes the Owners of that Business Entity.

"**Person**" means an individual (and the heirs, executors, administrators, or other legal representatives of an individual), a partnership, a corporation, a limited liability company, a government, or any department or agency thereof, trust, business trust, association, joint stock company, joint venture, sole proprietorship, unincorporated association or organization, or any other entity.

"**Stock**" means (a) all shares of capital stock (whether denominated as common stock or preferred stock), equity interests, beneficial, partnership or membership interests, joint venture interests, participations or other ownership or profit interests in or equivalents (regardless of how designated) of or in a Person (other than an individual), whether voting or non-voting, and all rights (including management rights) as and to become a member of any limited liability company; and (b) all securities convertible into or exchangeable for any other Stock and all warrants, options or other rights to purchase, subscribe for or otherwise acquire any other Stock, whether or not presently convertible, exchangeable or exercisable.

**SNAPOLOGY®**
**DEVELOPMENT AGREEMENT**

**ATTACHMENT B**
**DEVELOPMENT SCHEDULE AND DEVELOPMENT AREA**

Section 1.1.1.: The "Development Area" includes the following zip codes in the attached maps; if there is a conflict between the zip codes and the map below, the boundaries of the map control:

- Unit 1 (_______): **Error! Reference source not found.**
- Unit 2 (_______):
- Unit 3 (_______):

Unit 1: _______

[MAP 1]

Unit 2: _______

[MAP 2]

Unit 3: _______

[MAP 3]

Section 1.1.1.: The "Development Schedule" is as follows:

| Unit Number | Franchise Agreement Execution Date | Projected Opening Date | Cumulative Number of Units to be Open and Operating by Developer in the Development Area |
|---|---|---|---|
| **1** | Concurrently with this Development Agreement | Six (6) months from the Effective Date of the Development Agreement | **1** |
| **2** | 12 months from the Effective Date of the Development Agreement | Six (6) months from the franchise agreement effective date of Unit #2 | **2** |
| **3** | 18 months from the Effective Date of the Development Agreement | Six (6) months from the franchise agreement effective date of Unit #3 | **3** |

For the purposes of determining compliance with this Development Schedule, only the Units the Developer actually opens and continuously operates in the Development Area for at least the first six (6) months after opening will be counted toward the number of Units required to be open and operated above.

**IN WITNESS WHEREOF**, the parties hereof have executed this Attachment B effective for all purposes as of the Effective Date.

| | |
|---|---|
| **FRANCHISOR:** | **DEVELOPER:** |
| SNAPOLOGY, LLC,<br>a Pennsylvania limited liability company | ____________________________________<br>a |
| By: _____________________________________<br>Ani Mehta, its President | By: _____________________________________<br>_________________, its _________________ |

**SNAPOLOGY®**
**DEVELOPMENT AGREEMENT**

**ATTACHMENT C**
**DEVELOPER'S OWNERS AND KEY PERSONNEL**

A. The following is a list of all shareholders, partners, members, or other investors owning a direct or indirect interest in the Developer, and a description of the nature of their interest, and each Owner of whom shall execute the Undertaking and Guaranty substantially in the form set forth in Attachment D to the Development Agreement:

| NAME, ADDRESS, TELEPHONE NUMBER, AND EMAIL | OWNERSHIP INTEREST IN DEVELOPER | NATURE OF INTEREST |
|---|---|---|
| | | |
| | | |
| | | |
| | | |
| | | |
| | | |

B. Developer's Designated Principal is: [______].
Telephone Number: [______].
Email Address: [______].

C. Developer represents to Franchisor that the persons identified in this Attachment C reflect a true and correct listing of the shareholders, partners, members, or other persons/companies owning a direct or indirect interest in the Developer and a true and correct description of the nature of their interest.

**FRANCHISOR:**

SNAPOLOGY, LLC,
a Pennsylvania limited liability company

By: ___________________________________
Ani Mehta, its President

**DEVELOPER:**

___________________________________
a

By: ___________________________________
_________________, its _________________

**SNAPOLOGY®**
**DEVELOPMENT AGREEMENT**

**ATTACHMENT D**
**UNDERTAKING AND GUARANTY**

By virtue of executing a Snapology® Development Agreement dated [______] ("Development Agreement"), [______] ("Developer") has acquired the right and franchise from SNAPOLOGY, LLC ("Franchisor") to establish and operate a Snapology Franchised Business ("Franchised Business") and the right to use in the operation of the Franchised Business the Proprietary Marks and the System, as they may be changed, improved, and further developed from time-to-time in Franchisor's sole discretion.

Pursuant to the terms and conditions of the Development Agreement, each of the undersigned Owners hereby acknowledges and agrees as follows:

1. I have read the terms and conditions of the Development Agreement and acknowledge that the execution of this Undertaking and Guaranty and the undertakings of the Owners in the Development Agreement are in partial consideration for, and a condition to, the granting of the rights under the Development Agreement. I understand and acknowledge that Franchisor would not have granted such rights without the execution of this Undertaking and Guaranty and the other undertakings of the Owners in the Development Agreement.

2. I own a beneficial interest in the Developer, and I am included within the term "Owner" as defined in the Development Agreement.

3. I, individually and jointly and severally with the other Owners, hereby make all of the covenants, representations, warranties, and agreements of the Owners set forth in the Development Agreement, and agree that I am obligated to and will perform thereunder, including, without limitation, the provisions regarding compliance with the Development Agreement in Section 5.3., the use of confidential information in Section 6.1., the covenants in Article 6, the transfer provisions in Article 8, the choice of law and venue provisions in Article 11, and the indemnification obligations in Article 7.

4. I, individually and jointly and severally with the other Owners, unconditionally and irrevocably guarantee to Franchisor and its successors and assigns that all obligations of the Developer under the Development Agreement will be punctually paid and performed. Upon default by the Developer or upon notice from Franchisor, I will immediately make each payment and perform each obligation required of the Developer under the Development Agreement. Without affecting the obligations of any Owner under this or any other Undertaking and Guaranty, Franchisor may, without notice to any Owner, waive, renew, extend, modify, amend, or release any indebtedness or obligation of the Developer or settle, adjust, or compromise any claims that Franchisor may have against the Developer. I waive all demands and notices of every kind with respect to the enforcement of this Undertaking and Guaranty, including notices of presentment, demand for payment or performance by the Developer, any default by the Developer or any guarantor, and any release of any guarantor or other security for this Undertaking and Guaranty or the obligations of the Developer. Franchisor may pursue its rights against me without first exhausting its remedies against the Developer and without joining any other guarantor and no delay on the part of Franchisor in the exercise of any right or remedy will operate as a waiver of the right or remedy, and no single or partial exercise by Franchisor of any right or remedy will preclude the further exercise of that or any other right or remedy. Upon Franchisor's receipt of notice of the death of any Owner, the estate of the deceased will be bound by the foregoing Undertaking and Guaranty, but only for defaults and obligations under the Development Agreement existing at the time of death, and in that event, the obligations of the Owners who survive such death will continue in full force and effect.

5. No modification, change, impairment, or suspension of any of Franchisor's rights or remedies shall in any way affect any of my obligations under this Undertaking and Guaranty. If the Developer has pledged other security or if one or more other persons have personally guaranteed performance of the Developer's

obligations, I agree that Franchisor's release of such security will not affect my liability under this Undertaking and Guaranty.

6. I agree that any notices required to be delivered to me will be deemed delivered at the time delivered by hand; one Business Day after delivery by Express Mail or other recognized, reputable overnight courier; or three Business Days after placement in the United States Mail by Registered or Certified Mail, Return Receipt Requested, postage prepaid and addressed to the address identified on the signature line below. I may change this address only by delivering to Franchisor written notice of the change.

7. I understand that Franchisor's rights under this Undertaking and Guaranty shall be in addition to, and not in lieu of, any other rights or remedies available to Franchisor under applicable law.

8. I agree to be bound individually to the provisions of the Development Agreement including, without limitation, the litigation and dispute resolution provisions set forth in Article 23 and I irrevocably submit to the jurisdiction of the state and federal courts serving the judicial district in which Franchisor's principal headquarters are located at the time litigation is commenced. I hereby irrevocably submit to the exclusive jurisdiction of such courts and specifically waive any objection I may have to either the jurisdiction or exclusive venue of such courts.

9. **I WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM, WHETHER AT LAW OR IN EQUITY, INVOLVING FRANCHISOR, WHICH ARISES OUT OF OR IS RELATED IN ANY WAY TO THE DEVELOPMENT AGREEMENT, THE PERFORMANCE OF ANY PARTY UNDER THE DEVELOPMENT AGREEMENT, AND/OR THE OFFER OR GRANT OF THE FRANCHISE**.

10. This Agreement shall be construed under the laws of the State of Texas. The only way this Agreement can be changed is in writing signed by Franchisor. Any capitalized terms contained in but not defined by this Undertaking and Guaranty shall have the same meaning prescribed to that word in the Development Agreement.

11. Should this Agreement be signed or endorsed by more than one person or entity, all of the obligations herein contained shall be considered the joint and several obligations of each signatory.

12. **DISPUTE RESOLUTIONS BY BINDING ARBITRATION.**

12.1. Any dispute or claim between the Developer and Owners, and the Franchisor, including but not limited to any dispute or claim arising out of or relating in any way to

(i) this undertaking and guaranty or any other agreement Developer and Owners, and the Franchisor,

(ii) the offer and sale of the franchise opportunity,

(iii) any representations made prior to the execution of this undertaking and guaranty,

(iv) the validity, enforceability, or scope of this undertaking and guaranty and this arbitration agreement, and

(v) the relationship of the parties

must be submitted to binding arbitration before the American Arbitration Association ("AAA") pursuant to its Commercial Arbitration Rules in effect at the time the arbitration demand is filed. The AAA rules are available online at http://www.adr.org. The only disputes or claims that shall not be subject to arbitration shall be those that relate to the protection or enforcement of Franchisor's rights in and to intellectual property (including, but not limited to, the Proprietary Marks). The number of arbitrators shall be one. This arbitration agreement and the arbitration shall be subject to and governed by the Federal Arbitration Act, and not any state arbitration law.

12.2. Developer and Owners, and the Franchisor agree that arbitration will be conducted on an individual, not a class-wide or representative basis, that only Developer and Owners, and the Franchisor may be the parties to any arbitration proceeding described in this Section, and that no such arbitration proceeding may be consolidated or joined with another arbitration proceeding involving Developer and Owners, and the Franchisor or any other person or entity. The arbitrator shall have no power to preside over or consider any form representative, joint, consolidated, collective or class proceeding. Despite the foregoing or anything to the contrary in this Section, if any court or arbitrator determines that all or any part of this Section is unenforceable with respect to a dispute that otherwise would be subject to arbitration, then the parties agree that this arbitration clause will not apply to that dispute, and such dispute will be resolved in a judicial proceeding in accordance with Section 12.11.

12.3. Developer and Owners, and the Franchisor are bound by any limitation under this Agreement or applicable law, whichever expires first, on the timeframe in which claims must be brought. Developer and Owners, and the Franchisor Parties further agree that, in connection with any arbitration proceeding, each must submit or file any claim constituting a compulsory counterclaim (as defined by the then-current Rule 13 of the Federal Rules of Civil Procedure) within the same proceeding as the claim to which it relates. Any such claim not submitted or filed in the proceeding will be barred. The arbitrator does not have the right to consider any settlement discussions or offers made by Developer and Owners, and the Franchisor.

12.4. Unless prohibited by law, the arbitration shall occur in Tarrant County, Texas. The arbitrator will have no authority to select a different hearing locale other than as described in the prior sentence.

12.5. Except as may be required by law, neither Developer and Owners, and the Franchisor, nor an arbitrator may disclose the existence, content, or results of any arbitration under this Section without the prior written consent of all parties.

12.6. The arbitrator must follow, and may not disregard, the governing law.

12.7. The arbitrator has the right to award any relief he or she deems proper in the circumstances, including money damages (with interest on unpaid amounts from the date due), specific performance, injunctive relief, and attorneys' fees and costs (in accordance with Section 12.12.), provided that Developer and Owners, and the Franchisor waive to the fullest extent the law permits any right to or claim for any punitive, exemplary, treble, and other forms of multiple damages against the other. The arbitrator's award and decision will be conclusive and bind all parties covered by this Section, and judgment upon the award may be entered in a court specified or permitted in Section 12.10. below.

12.8. The decision of the arbitrator will be final and binding on all parties to the dispute. A judgment may be entered upon the arbitration award in any federal or state court having jurisdiction.

12.9. Despite the existence of the arbitration clause, the parties shall have the right to seek temporary restraining orders, preliminary injunctions, and similar equitable relief from a court pending arbitration of the merits of the claims. Any injunctive relief may be given without the necessity of Franchisor posting bond or other security and any such bond or other security is hereby waived.

12.10. To the fullest extent permitted by law, the parties agree that any actions permitted to be brought under this Agreement by either party in any court may only be brought in a federal or state court serving the judicial district in which Franchisor's principal headquarters is located at the time litigation is commenced. Owners hereby irrevocably submit to the jurisdiction of the federal and state courts serving the judicial district in which Franchisor's principal headquarters is located at the time litigation is commenced and waive any objection you may have to the jurisdiction of or venue in such courts.

12.11. Subject to the arbitration obligations in this Article 12, any judicial action must be brought in a court of competent jurisdiction in the state, and in (or closest to) the county where Franchisor's principal place of business is then located. Each of the parties irrevocably submits to the jurisdiction of such courts and waives any objection to such jurisdiction or venue. Notwithstanding the foregoing, Franchisor may bring an action for a temporary restraining order or for temporary or preliminary injunctive relief, or to enforce an arbitration award or judicial decision, in any federal or state court in the county in which Developer and Owners reside or the Franchised Business is located.

12.12. If any party commences a legal action against the other party arising out of or in connection with this undertaking and guarantee, the prevailing party shall be entitled to have and recover from the other party its reasonable attorneys' fees and costs of suit.

IN WITNESS WHEREOF, the undersigned, intending to be legally bound, has executed this Undertaking and Guaranty to be effective on the day and year first written above.

**OWNER**

| | |
|---|---|
| ______________________ [_______] | ______________________ [_______] |
| ______________________ [_______] | ______________________ [_______] |
| ______________________ [_______] | ______________________ [_______] |

# EXHIBIT J
# TO THE SNAPOLOGY®
# FRANCHISE DISCLOSURE DOCUMENT

## SAMPLE FORM OF ASSIGNMENT AND ASSUMPTION AGREEMENT

# ASSIGNMENT AND ASSUMPTION OF FRANCHISE AGREEMENT AND [____] AMENDMENT TO FRANCHISE AGREEMENT

[__]

This Assignment and Assumption of Franchise Agreement and [____] Amendment to Franchise Agreement ("Agreement") is effective on ______________ (the "Effective Date") between Snapology, LLC, a Pennsylvania limited liability company ("Franchisor"), [______________] and [______________] (individually, the "Assignor"), and its undersigned guarantors ("Assignor Guarantors"), [______________], a _________ _________ ("Assignee"), and its undersigned guarantors (the "Assignee Guarantors"). Franchisor, Assignor, Assignor Guarantors, Assignee, and Assignee Guarantors may be referred to herein as a "Party" or collectively as the "Parties."

WHEREAS, Franchisor and Assignor entered into that certain franchise agreement dated _________ ("Franchise Agreement"), as amended, wherein Assignor obtained the right and undertook the obligation to develop a Snapology franchised business in ______________________ (the "Franchised Business");

WHEREAS, Assignor desires to assign to Assignee all of its interest, rights, duties, and obligations in the Franchise Agreement (the "Assignment"); and

WHEREAS, pursuant to the Franchise Agreement, the Parties acknowledge that the Assignment requires Franchisor's consent, and Franchisor desires to provide its consent pursuant to the terms and conditions of this Agreement.

NOW, THEREFORE, in consideration of the mutual promises contained in this Agreement, and for other good and valuable consideration, the receipt and sufficiency of which are acknowledged, the parties agree as follows:

1. ASSIGNMENT AND ASSUMPTION; CONSENT TO TRANSFER. Assignor assigns and transfers to Assignee all of its interest, rights, and duties under the Franchise Agreement. Assignee hereby accepts such rights, assumes all of Assignor's obligations, and agrees to be bound by and observe and faithfully perform all duties as if the Franchise Agreement were originally written with Assignee as the "Franchisee." Franchisor consents to such Assignment pursuant to the terms and conditions of this Agreement.

2. AMENDMENT TO FRANCHISE AGREEMENT. Attachments _________ to the Franchise Agreement are superseded and replaced with the versions attached hereto.

3. WAIVER OF RIGHT OF FIRST REFUSAL AND FORMAL NOTICE REQUIREMENTS. Pursuant to the Franchise Agreement, Franchisor consents to the Assignment conditioned on the Parties' satisfaction of all conditions set forth herein and the full and complete execution of this Agreement. The Parties acknowledge and agree that Franchisor's consent applies only to the Assignment contemplated by this Agreement. Any and all future assignments or transfers are subject to the terms of the Franchise Agreement and remain subject to Franchisor's further consent. Franchisor waives any obligations of the Assignor to comply with any formal notice requirements under the Franchise Agreement with respect to the Assignment contemplated by this Agreement.

4. **INDEMNITY. EXCEPT FOR GRANTING ITS CONSENT TO THE ASSIGNMENT, THE ASSIGNOR, ASSIGNOR GUARANTORS, AND EACH OF THEIR PAST AND PRESENT PARENTS, SUBSIDIARIES, AFFILIATES, PREDECESSORS, SUCCESSORS, ASSIGNS, OFFICERS, DIRECTORS, SHAREHOLDERS, PARTNERS, OWNERS, MEMBERS, MANAGERS, AGENTS, ATTORNEYS, EMPLOYEES, REPRESENTATIVES, HEIRS, ADMINISTRATORS, EXECUTORS, AND ANCESTORS ("ASSIGNOR PARTIES") AND ASSIGNEE, ASSIGNEE GUARANTORS, AND EACH OF THEIR PAST AND PRESENT PARENTS, SUBSIDIARIES, AFFILIATES, PREDECESSORS, SUCCESSORS, ASSIGNS, OFFICERS, DIRECTORS, SHAREHOLDERS, PARTNERS, OWNERS, MEMBERS, MANAGERS, AGENTS, ATTORNEYS, EMPLOYEES, REPRESENTATIVES, HEIRS, ADMINISTRATORS, EXECUTORS, AND ANCESTORS ("ASSIGNEE PARTIES")**

**ACKNOWLEDGE AND AGREE SNAPOLOGY, LLC, SNAPOLOGY IP, LLC, SNAPOLOGY INTERNATIONAL, LLC, SNAPOLOGY HOLDINGS, LLC, UA HOLDINGS, LLC, UNLEASHED BRANDS, LLC, UNLEASHED SERVICES, LLC AND EACH OF THEIR RESPECTIVE PAST AND PRESENT PARENTS, SUBSIDIARIES, AFFILIATES, PREDECESSORS, SUCCESSORS, ASSIGNS, OFFICERS, DIRECTORS, SHAREHOLDERS, PARTNERS, OWNERS, MEMBERS, MANAGERS, AGENTS, ATTORNEYS, EMPLOYEES, AND REPRESENTATIVES ("FRANCHISOR PARTIES") HAVE EXERCISED NO INFLUENCE OVER AND HAVE TAKEN NO PART IN THE ASSIGNMENT. ACCORDINGLY AND TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, THE ASSIGNOR PARTIES AND THE ASSIGNEE PARTIES SHALL UNCONDITIONALLY INDEMNIFY, DEFEND, AND HOLD HARMLESS THE FRANCHISOR PARTIES FROM ALL CLAIMS AND LOSSES AND EXPENSES INCURRED IN CONNECTION WITH ANY THIRD-PARTY ACTION, SUIT, PROCEEDING, CLAIM, DEMAND, INVESTIGATION, OR INQUIRY (FORMAL OR INFORMAL), OR ANY SETTLEMENT THEREOF ENTERED INTO WITH THE WRITTEN APPROVAL OF ASSIGNOR, WHICH APPROVAL WILL NOT BE UNREASONABLY WITHHELD, CONDITIONED OR DELAYED (WHETHER OR NOT A FORMAL PROCEEDING OR ACTION HAS BEEN INSTITUTED), ARISING OUT OF OR RELATED TO THE ASSIGNMENT OTHER THAN ANY CLAIMS OR LOSSES AND EXPENSES ARISING FROM ANY ACTION, SUIT, PROCEEDING, CLAIM, DEMAND, INVESTIGATION, OR INQUIRY (FORMAL OR INFORMAL), OR ANY SETTLEMENT THEREOF (WHETHER OR NOT A FORMAL PROCEEDING OR ACTION HAS BEEN INSTITUTED), BY A GOVERNMENTAL AUTHORITY ARISING FROM FRANCHISOR'S ACTUAL OR ALLEGED NON-COMPLIANCE WITH APPLICABLE FRANCHISE LAWS**.

5. GENERAL RELEASE. For all good and valuable consideration, to the maximum extent permitted by applicable law, the Assignor Parties do remise, release, waive, and forever discharge Franchisor Parties from any and all claims, demands, obligations, liabilities, actions, proceedings, agreements, debts, demands, damages, accounts, charges, invoices, discounts, incentives, allowances, controversies, expenses, attorneys' fees, suits, arbitrations, and causes of action whatsoever, in law or equity, whether known or unknown, past or present, which the Assignor Parties have, have had, claim to have, or may have against the Franchisor Parties including, but not limited to, any and all claims and damages in any way arising out of or related to (1) the Franchise Agreement and this Agreement; (2) any other agreement between any Assignor Party and any Franchisor Party; (3) the offer and sale of any SNAPOLOGY franchise opportunity; (4) the disclosure requirements under the FTC Franchise Rule (16 CFR et seq); (5) any state franchise law; (6) any alleged misrepresentations made by the Franchisor Parties in the sale of a SNAPOLOGY franchise to the Assignor Parties or otherwise; (7) any and all claims arising under local, state, and federal laws, rules, and ordinances, whether statutory or under common law; (8) the Snapology franchised business located in _________; and (9) any relationship between the Assignor Parties and the Franchisor Parties. The Assignor Parties acknowledge this general release extends to all claims the Assignor Parties do not know or suspect to exist in their favor at the time of executing this general release, which if were known to exist may have materially affected the decision to enter into this general release. The Assignor Parties understand the facts in respect of which this general release is given may hereafter turn out to be other than or different from the facts known or believed to be true. By executing this general release, the Assignor Parties expressly assume the risk of the facts turning out to be different and agree this general release shall be in all respects effective and not subject to termination or rescission by any such difference in facts.

6. COVENANT NOT TO SUE. The Assignor Parties, jointly and individually, covenant and agree that none of them will commence, maintain, participate in, or prosecute any claim, demand, suit, action, or cause of action against the Franchisor Parties concerning the claims released in section 5 above.

7. MISCELLANEOUS PROVISIONS.

A. ENTIRE AGREEMENT. This Agreement constitutes the entire agreement of the Parties concerning the subject matter hereof, supersede any prior agreement or representations made between the Parties, either written or oral, and may only be modified in writing. The Parties shall execute such further documents and do any and all further things necessary to implement and carry out the intent of this Agreement. To the extent of a conflict between this Agreement and the Franchise Agreement, this Agreement shall control.

B. AUTHORITY. Assignor Parties and Assignee Parties each represent and warrant that they have full authority and capacity to enter into this Agreement and to carry out their obligations hereunder, and that no consent or approval of any other party is required. The execution, delivery and performance by Assignor Parties and Assignee Parties of this Agreement and the consummation of the transactions contemplated hereby have been duly authorized by all requisite limited liability company action on the part of Assignor Parties and Assignee Parties. This Agreement has been duly executed and delivered by Assignor Parties and Assignee Parties, and this Agreement and the documents to be delivered hereunder constitute legal, valid and binding obligations of Assignor Parties and Assignee Parties, enforceable against each in accordance with their respective terms.

C. COUNTERPARTS. To facilitate execution, this Agreement may be executed in as many counterparts as may be convenient or required. It shall not be necessary that the signature or acknowledgment of, or on behalf of, each Party, or that the signature of all persons required to bind any Party, or the acknowledgment of such Party, appear on each counterpart. All counterparts shall collectively constitute a single instrument. It shall not be necessary in making proof of this Agreement to produce or account for more than a single counterpart containing the respective signatures of, or on behalf of, and the respective acknowledgments of, each of the Parties hereto. Any signature or acknowledgment page to any counterpart may be detached from such counterpart without impairing the legal effect of the signatures or acknowledgments thereon and thereafter attached to another counterpart identical thereto except having attached to it additional signature or acknowledgment pages.

D. SUCCESSORS AND ASSIGNS. This Agreement shall be binding upon and shall inure to the benefit of the Parties hereto and their respective heirs, representatives, administrators, successors, and assigns.

E. GOVERNING LAW, VENUE, & ATTORNEYS' FEES. This Agreement and the performance of all the obligations set forth in this Agreement shall be governed, construed, and enforced by the laws of the State of Texas and this Agreement shall be performable and venue shall lie exclusively in the county in which the Franchisor is headquartered. If either Party employs an attorney to enforce the terms of or defend a claim brought under this Agreement, the prevailing party shall be entitled to reasonable attorneys' fees, court costs and expenses incurred. Prevailing party shall mean the party who substantially prevails on the claims or defenses asserted without regard to whether such party recovered any relief, direct benefit, or monetary damages.

F. ENFORCEABILITY. If any one or more of the provisions contained in this Agreement are, for any reason, held to be invalid, illegal, or unenforceable in any respect, such invalidity, illegality, or unenforceability will not affect any other provision thereof, and this Agreement will be construed as if such invalid, illegal, or unenforceable provision had never been contained herein.

G. WAIVER OF JURY TRIAL. EACH OF THE PARTIES HERETO HEREBY IRREVOCABLY WAIVES ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDING ARISING OUT OF OR RELATED TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY.

[SIGNATURE PAGE FOLLOWS.]

INTENDING TO BE LEGALLY BOUND, the Parties have executed this Agreement to be effective on the Effective Date.

**ASSIGNOR**:

________________________________________
**Error! Reference source not found.**, individually

________________________________________
**Error! Reference source not found.**, individually

**FRANCHISOR**:
SNAPOLOGY, LLC
a Pennsylvania limited liability company

By: ____________________________________
Ani Mehta, its President

**ASSIGNOR GUARANTORS:**

________________________________________
____________________, individually

________________________________________
____________________, individually

**ASSIGNEE**:

____________________,
a _______________ _______________

By: ____________________________________
_______________, its ______________

**ASSIGNEE GUARANTORS:**

________________________________________
____________________, individually

________________________________________
____________________, individually

**EXHIBIT A**
**TO ASSIGNMENT AND ASSUMPTION OF FRANCHISE AGREEMENT AND**
**_____________ AMENDMENT TO FRANCHISE AGREEMENT**

**REPLACEMENT ATTACHMENTS**

(Please see Attachments C to I attached to Snapology franchise agreement in Exhibit E to this disclosure document)

**EXHIBIT B**
**TO ASSIGNMENT AND ASSUMPTION OF FRANCHISE AGREEMENT AND**
**____________ AMENDMENT TO FRANCHISE AGREEMENT**

**GENERAL RELEASE**

(Please see the sample general release attached as Exhibit H to this disclosure document).

**EXHIBIT K**
**TO THE SNAPOLOGY®**
**FRANCHISE DISCLOSURE DOCUMENT**

**STATE EFFECTIVE DATES**

## 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:

| State | Effective Date |
|---|---|
| California | Pending |
| Illinois | Pending |
| Indiana | April 30, 2026 |
| Maryland | Pending |
| Michigan | April 30, 2026 |
| Minnesota | Pending |
| New York | Pending |
| Rhode Island | Pending |
| South Dakota | April 30, 2026 |
| Virgina | Pending |
| Washington | Pending |
| Wisconsin | April 30, 2026 |

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 L**
**TO THE SNAPOLOGY®**
**FRANCHISE DISCLOSURE DOCUMENT**

**RECEIPTS**

## 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 Snapology, LLC offers you a franchise, we must provide this disclosure document to you 14 calendar days before you sign a binding agreement or make a payment with franchisor or an affiliate in connection with the proposed franchise sale, or sooner if required by applicable law.

New York and Rhode Island require that we give you this disclosure document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship. Michigan requires that we give you this disclosure document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration.

If we do not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the appropriate state regulatory agency listed in Exhibit A. We authorize the respective state agencies identified in Exhibit B to receive service of process for us in the particular state.

The name, principal business address, and telephone number of the franchise seller offering the franchise is:

| Name | Principal Business Address | Telephone Number |
|---|---|---|
| Joshua Wall | 2350 Airport Freeway, Suite 505, Bedford, TX 76022 | 877.203.2192 |

Issuance Date: April 30, 2026.

I received a disclosure document dated April 30, 2026 (or the date reflected on the State Effective Dates Page), that included the following Exhibits:

| | |
|---|---|
| A. State Specific Addenda to the Disclosure Document | G. Franchise Disclosure Questionnaire |
| B. List of State Agencies and Agents for Service of Process | H. Sample Form of General Release |
| C. Operations Manual Table of Contents | I. Development Agreement Attachments, and State Specific Amendments |
| D. Financial Statements | J. Sample Form of Assignment and Assumption Agreement |
| E. Franchise Agreement, Attachments, and State-Specific Amendments | K. State Effective Dates |
| F. List of Current and Former Franchisees | L. Receipts |

Print Name　　　Signature　　　Date

If signing on behalf of a company in addition to individually, please complete the following:

Company Name　　　Authorized Signatory　　　Signature　　　Date

**Please sign this copy of the receipt, date your signature, and return it by mail or email to Joshua Wall, 2350 Airport Freeway, Suite 505, Bedford, TX 76022, or franchising@unleashedbrands.com.**

**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 Snapology, LLC offers you a franchise, we must provide this disclosure document to you 14 calendar days before you sign a binding agreement or make a payment with franchisor or an affiliate in connection with the proposed franchise sale, or sooner if required by applicable law.

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| F. List of Current and Former Franchisees | L. Receipts |

Print Name　　Signature　　Date

If signing on behalf of a company in addition to individually, please complete the following:

Company Name　　Authorized Signatory　　Signature　　Date

**Keep this copy for your records.**