

## FRANCHISE DISCLOSURE DOCUMENT

# THE PICKLR

Pickl'r Franchise Inc.  
a Utah Corporation  
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Pickl'r Franchise Inc. is offering franchises for the use of the trademark "THE PICKLR" and related trademarks and service marks and logos ("**Marks**") for the operation of a premier indoor pickleball facility and event center, including court reservations, leagues, tournaments, clinics, private/corporate events, pro shop, simple pre-packaged food and beverages (some facilities may sell alcoholic beverages) and sponsorships. ("**Pickl'r Franchise**").

The Picklr redefines the indoor pickleball experience by cultivating connection, competition and pure fun. Picklr Facilities feature professional-grade surfacing and cutting-edge technology integration, packaged with an innovative membership-based business model. Whether your member is a novice or a seasoned pro, The Picklr's leagues, tournaments, and clinics offer opportunities for growth, camaraderie, and spirited competition.

The total investment necessary to begin operation of a single Picklr franchise is \$540,400 to \$1,178,300. This includes \$60,000 to \$62,000 that must be paid to the franchisor, or its affiliate(s).

The total investment necessary to begin operation of a three-unit Multi-Unit Development Agreement is \$610,400 to \$1,248,300 which includes \$130,000 (\$60,000 for the first unit, \$40,000 for the second unit and \$30,000 for the third unit) that must be paid to franchisor, or its affiliate(s), plus \$2,000 for a Corporate Guaranty Fee, if applicable.

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

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact Franchisor at 559 S. Deseret Drive, Kaysville, UT 84037, or call (801) 725-3041.

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

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

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

**The issuance date: February 23, 2024**

## How to Use This Franchise Disclosure Document

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

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

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

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

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

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

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

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

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

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

### **Some States Require Registration**

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

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 requires you to resolve disputes with the franchisor by mediation, arbitration and/or litigation only in Utah. Out-of-state mediation, arbitration, or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to mediate, arbitrate, or litigate with the franchisor in Utah than in your own state.
2. **Financial Condition.** The franchisor's financial condition, as reflected in its financial statements (see Item 21), calls into question the franchisor's financial ability to provide services and support to you.
3. **Short Operating History.** The Franchisor is at an early stage of development and has a limited operating history. This franchise is likely to be a riskier investment than a franchise in a system with a longer operating history.

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.

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Exhibit C:	Multi-Unit Development Agreement
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**ITEM 1**  
**THE FRANCHISOR, AND ANY PARENT, PREDECESSORS, AND AFFILIATES**

To simplify the language in this Franchise Disclosure Document “**The Picklr**”, “**we**”, “**Franchisor**” means Picklr Franchise Inc. “**You**” or “**Franchisee**” means the person, corporation, partnership or other business entity that buys the franchise. “**You**” or “**Franchisee**” also means your owners if you are a business entity.

**The Franchisor**

Picklr Franchise Inc., is a Utah corporation company formed in February 28, 2023. Franchisor does not do business under any other name. Franchisor’s principal business address is 559 S. Deseret Drive, Kaysville, UT 84037. Franchisor began offering franchises for Picklr Franchise in March, 2023. Franchisor does not operate any Picklr Franchise, but Franchisor’s Affiliate does operate several Picklr centers similar to those that are franchised (“**Picklr Clubs**”). Franchisor does not conduct business in any other line of business, nor does Franchisor offer franchises in any other line of business.

Franchisor’s agent for service of process in Utah is Austin Wood at 559 S. Deseret Drive, Kaysville, UT 84037. Franchisor’s other agents for service of process are disclosed in **Exhibit F**.

**Parent, Predecessor and Affiliates**

Franchisor’s parent company is Picklr, Inc, a Delaware corporation (“**Picklr Parent**”), with a principal business address of 559 S. Deseret Drive, Kaysville, UT 84037. Picklr Parent does not conduct business similar to Franchisor, nor does Picklr Parent offer franchises in any line of business.

Franchisor has two predecessors: The Picklr, LLC, a Utah limited liability company, with a principal business address of 2242 Deere View Drive, Layton, UT 84040 and The Picklr 2, LLC, a Utah limited liability company, with a principal business address of 917 Country Hills Drive, Suite 1, South Ogden, UT 84403. In January 2023, The Picklr, LLC and The Picklr 2, LLC were merged into Picklr, Inc., which is Franchisor’s parent company. The Picklr, LLC and The Picklr 2, LLC still exist, but these predecessors do not conduct business similar to the Franchisor, nor do these affiliates offer franchises in any line of business. The Picklr, LLC is the current owner of the Marks. The Picklr, LLC has granted a license to Franchisor for the use of the Marks.

Franchisor has 3 affiliates (“**Affiliates**”), all of whom share the same principal business address as Franchisor. These affiliates are wholly-owned by Franchisor’s parent company, Picklr Parent. None of Franchisor’s Affiliates conduct business similar to Franchisor, nor do any of our Affiliates offer franchises in any line of business.

The Picklr Clubs, Inc., a Utah corporation, (“**Picklr Clubs**”) owns and operates six Picklr businesses, similar to those that Franchisor is offering in this franchise disclosure document (“**Franchise Disclosure Document**”).

The Picklr Shop, Inc., a Utah corporation, (“**Picklr Shop**”), is a supplier of products which Franchisee will resell in the pro shop located within the Picklr Facility (defined below).

Stack Athletics, Inc., a Utah corporation (“**Stack Athletics**”), is also a supplier, directly or indirectly, to Franchisee, of privately-branded products which Franchisee will resell in the pro shop located within the Picklr Franchise.

## The Business

Each Picklr Franchise operates from a facility that Franchisee will construct or lease (“**Picklr Facility**”) offering premier indoor pickleball courts and an event center, including court reservations, leagues, tournaments, clinics, private/corporate events, pro shop, simple pre-packaged food and beverages (some facilities may sell alcoholic beverages) and sponsorships. Central to the Picklr Franchise is its innovative membership-based business model, focusing on delivering exceptional value and ensuring that every member feels valued and supported in their pickleball journey. To accommodate activities, the Picklr Facility must have an appropriate ceiling height and meet all local code and use requirements. Facilities that meet Franchisor’s requirements are typically located in light industrial areas, retail areas, strip malls, freestanding buildings, and major retail malls.

Franchisee must operate its Picklr Franchise per Franchisor’s standard business operating practices and sign Franchisor’s standard franchise agreement (“**Franchise Agreement**”).

Franchisee must provide specified services and sell specified products. The services include providing indoor activities for individuals, teams, families, children, teens and young adults including parties and other events, court reservations, leagues, tournaments, clinics, open play sessions, and other activities required by Franchisor (“**Services**”). The products include products related to the Services, paddles and balls, various food items, including alcoholic beverages, where Franchisor approves, equipment, apparel and other items (“**Products**”). Franchisor reserves the right to add, modify, or delete any Services or Products that Franchisee must offer or sell at its Picklr Franchise at any time at Franchisor’s discretion.

Franchisee must also obtain all necessary permits, licenses and approvals to operate its Picklr Franchise at the authorized Picklr Facility.

Franchisor offers one type of Franchise, which is available to those persons who meet Franchisor’s requirements, at Franchisor’s discretion, to operate a Picklr Franchise. Franchisee may operate one Picklr Franchise for each Franchise Agreement that Franchisee signs with Franchisor. (See ITEM 5). Franchisor also offers to select qualified persons the opportunity to acquire the right to develop multiple Picklr Franchises. Franchisor retains the right, in Franchisor’s discretion, to choose to award or not to award a Franchise to any prospective franchisee, and to cease discussions regarding the awarding of a Franchise at any time, regardless of the stage of the Franchise award process or the time and money spent by Franchisee or any other prospective franchisee.

If Franchisee is granted the right to enter into a Multi-Unit Development Agreement to open and operate more than one Picklr Franchise, Franchisee must sign a separate Franchise Agreement for each Picklr Franchise that Franchisee operates. Under the terms of the Multi-Unit Development Agreement, Franchisee agrees to open one or more Picklr Franchises within a particular development territory (“**Development Territory**”) according to a development schedule (“**Development Schedule**”). (See ITEM 5 regarding limitations of development rights.) Franchisee must sign a Franchise Agreement in the form attached to this Franchise Disclosure Document for Franchisee’s first Picklr Franchise when Franchisee signs the Multi-Unit Development Agreement. Franchisor will require Franchisee to sign its then-current form of Franchise Agreement for each subsequent Picklr Franchise that Franchisee develops under the Multi-Unit Development Agreement. Unless otherwise stated, any reference in this Franchise Disclosure Document to “**you**” or “**Franchisee**” includes Franchisee both as a Multi-Unit Developer under a Multi-Unit Development Agreement and as Franchisee under a Franchise Agreement. The terms of future franchise agreements may vary from the franchise offered under this Franchise Disclosure Document.

## **Regulations**

Franchisor is not aware of any applicable laws specific to the operations of a Picklr Franchise, but Franchisee should investigate whether there are any regulations and requirements that may apply in the geographic area in which Franchisee is interested in locating its Picklr Franchise, and Franchisee should consider both their effect and the cost of compliance.

If Franchisee is authorized by Franchisor to sell alcoholic beverages at Franchisee's Picklr Franchise, Franchisee is responsible for complying with all applicable local, state and federal laws and regulations. The difficulty and cost of obtaining a liquor license and the procedures for securing the license vary greatly from area to area. There is also a wide variation in state and local laws and regulations that govern the sale of alcoholic beverages.

Franchisor requires Franchisee's compliance with all provisions of the USA Patriot Act and Executive Order 13224.

## **Industry-Specific Regulation**

If Franchisee collects any information from its customers, it may contain personal information of individuals which is protected by law. Franchisee is responsible for complying with all applicable current and future federal, state and local laws, regulations and requirements, including all state consumer privacy acts (as applicable), pertaining to the collection, protection, use, sale, disposal and maintenance of such personal information. Personal information includes information that identifies, relates to, describes, is capable of being associated with, or could reasonably be linked, directly or indirectly, with a particular consumer, potential consumer, individual or household, as such term may be further defined or amended by applicable federal, state and local laws, regulations and requirements. Franchisee may also be required to comply with opt-in or opt-out requirements on Franchisee's website, if Franchisee is authorized by Franchisor to develop its own website.

## **Market Competition**

According to the Association of Pickleball Professionals, 36.75 million adult Americans played pickleball between August 2021 and August 2022. Franchisee will compete with other businesses offering courts for playing pickleball, particularly public outdoor courts and other indoor facilities. Picklr Facilities are not seasonal in nature.

## **ITEM 2 BUSINESS EXPERIENCE**

### **Founder, Chief Executive Officer: Jorge Barragan**

Mr. Barragan is a founder and has been Franchisor's Chief Executive Officer since March 2023 and Chief Executive Officer of our predecessor since January 2020. Prior to this, he was a Business Strategist for Sunwarrior in Washington Utah, from November 2019 to December 2020. From April 2018 to November 2019, Mr. Barragan was an Enterprise Account Executive for WeWork in Salt Lake City, Utah

### **Founder, Chief Visionary Officer: Austin Wood**

Mr. Wood has been Franchisor's Chief Visionary Officer since January 2024. From March 2023 to December 2023, Mr. Wood was Franchisor's Chief Revenue Officer and Chief Revenue Officer of our



predecessor since November 2020. He served as the Vice President of Sales for Acquire Med LLC in Kaysville, Utah since November 2013.

**Chief Growth Officer: Scott Schubiger**

Mr. Schubiger has been our Chief Growth Officer since May 2023. He served as the Chief Growth Officer for Conscious Capital Growth in Scottsdale, Arizona from February 2022 to March 2023. Prior to this, he was the Chief Development Officer for Massage Heights in San Antonio, Texas from January 2021 to February 2022. Mr. Schubiger was also the Chief Development Officer for Lunchbox Wax in Boise, Idaho from February 2019 to January 2021. From September 2017 to February 2019, Mr. Schubiger served as the President of Sales Elevation Advisors in Morristown, New Jersey.

**President & Chief Operating Officer: Jonathan Fornaci**

Mr. Fornaci became Franchisor's President in January 2024. He has served, and continues to serve, as Franchisor's Chief Operating Officer since June 2023. He served as the Chief Financial Officer for Karma and Luck in Las Vegas, Nevada from February 2021 to June 2023. From September 2019 to January 2021, Mr. Fornaci was the Chief Operating Officer at Provectus, in Eugene, Oregon. Prior to that, Mr. Fornaci was the Chief Operating Officer at Faster Way, in Tampa, Florida from April 2019 to August 2019. From February 2015 to December 2018, he also served as the President and Chief Operating Officer of TruFusion, in Las Vegas, Nevada.

**Chief Brand Officer: James Hurlock**

Mr. Hurlock has been our Chief Brand Officer since May 2023. Prior to joining us, he served as the Chief Partnerships Officer of F45 Training in Delray Beach, Florida from January 2020 to November 2022. From March 2019 to January 2020 he was the National Sales Lead of the GetWell Network in Sydney Australia. Mr. Hurlock also served as the National Health Sector Lead for IQPC Australia, in Sydney Australia from June 2009 to March 2019.

**Vice President of Franchise Operations: Whitney Burningham**

Ms. Burningham has been our Vice President of Franchise Operations since July 2022. Prior to joining us, she served as a Licensed Clinical Social Worker at Canyon Home Care and Hospice in Murray, Utah from January 2018 to September 2022.

**Chief Development Officer: Chris Walker**

Mr. Walker has been Franchisor's Chief Development Officer since January 2024. From August 2023 to December 2023, he serves as Franchisor's Vice President of Real Estate. From January 2019 to December 2023, Mr. Walker was the Chief Revenue Officer and Co-Founder of Proper Seven, a revenue and marketing consulting agency. For the last 8 years, he has managed his family's real estate portfolio.

**Vice President of Construction: Jason Bauerle**

Mr. Bauerle has been our Vice President of Construction since February 2022. Prior to joining us, Mr. Bauerle served as the Vice President of Construction for Utah Court Surfacing in Layton, Utah from January 2016 to February 2023.

**Sr. Vice President of Marketing: Kathryn Bullough**

Ms. Bullough has been our Sr. Vice President of Marketing since September 2023. Prior to joining us, Ms. Bullough served as the Sr. Vice President of Marketing for Axon in Scottsdale, Arizona from September 2021 to January 2023 and as the Senior Director of Marketing, Brand Manager of Skullcandy in Park City, Utah from April 2015 to August 2021.

**Sr. Director of Franchise Sales: David Fromal**

Mr. Fromal has been our Sr. Director of Franchise Sales since December 2023. Prior to joining us, Mr. Fromal was the Sr. Director of Franchise Sales for Huntington Learning Center in Denver, Colorado from April 2023 to December 2023, the Sr. Director of Franchise Sales for Mathnasium in Denver, Colorado from April 2022 to March 2023 and the Sr. Director of Franchise Sales for Vertical Enterprises in Denver, Colorado from January 2019 to March 2022.

**ITEM 3  
LITIGATION**

No litigation information 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**

**Single Unit Franchises**

The initial franchise fee is \$60,000 (“**Initial Franchise Fee**”) and due when you sign the Franchise Agreement. The Initial Franchise Fee is deemed fully earned by Franchisor once fully paid and is non-refundable. This fee covers the cost of initial training for up to two persons. The training takes place in Kaysville, UT or another site that Franchisor determine.

As of the end of Franchisor's fiscal year end, Franchisor collected Initial Franchise Fees for single unit franchises in the aggregate amount of \$135,000.

**Multi-Unit Developers**

At Franchisor’s discretion, Franchisor may offer to qualified candidates a multiple unit development agreement (“**Multi-Unit Development Agreement**”), attached to this Franchise Disclosure Document, pursuant to which the multi-unit developer (“**Multi-Unit Developer**”) obtains the right to develop and operate a prescribed number of Picklr Franchises. When Multi-Unit Developer signs a Multi-Unit Development Agreement for the development of more than one Picklr Franchise, Franchisor will grant Franchisee the right to open and operate a mutually agreed upon number of Picklr Franchises in a specified Development Area in accordance with a specified Development Schedule.

As a Multi-Unit Developer, you must pay Franchisor an Initial Franchise Fee or a Development Franchise Fee for each Picklr Franchise to be developed as set forth in the Multi-Unit Development Agreement. Multi-Unit Developer will pay a multi-unit development fee (“**Multi-Unit Development Fee**”) as follows: \$60,000 for the first Picklr Franchise, \$40,000 for the second Picklr Franchise and the Multi-Unit Development Fee for three or more Picklr Franchises is \$30,000 each. By way of example only, if

Franchisor grants the rights to a Multi-Unit Developer to develop a total of three Picklr Franchises, the total Multi-Unit Development Fee is \$130,000. Multi-Unit Developer must pay the Multi-Unit Development Fee when Multi-Unit Development signs the Multi-Unit Development Agreement. The Multi-Unit Development Fee is fully earned at the time Multi-Unit Developer signs the Multi-Unit Development Agreement and is not refundable for any reason regardless of whether Multi-Unit Developer ultimately opens any or all of its required Picklr Franchises.

As of the end of Franchisor's fiscal year end, Franchisor collected Multi-Unit Development Fees in the aggregate amount of \$3,357,500.

## ITEM 6 OTHER FEES

Type of Fee	Amount	Due Date	Remarks
Royalty Fee <sup>†</sup>	7% of Gross Sales <sup>(1)</sup>	Due weekly on the Monday following the week in which the Gross Sales incurred	Payable by ACH.
Local Advertising Fund for advertising and related expenditures	The greater of 1% of each month's Gross Sales or \$1,500	Due monthly on the Monday following the week in which the Gross Sales incurred	Payable to Franchisor by ACH and expended for advertising in Franchisee's local trade area as Franchisor determines. The amount is subject to change upon prior notice to Franchisee.
National Marketing Fee <sup>†</sup>	A minimum of 2% of each month's of Gross Sales	Due weekly on the Monday following the week in which the Gross Sales incurred	Payable by ACH. May increase by 0.1% in any 12-month period, up to a maximum of 1% of Gross Sales, unless the Franchise Advisory Council (if formed) consents to a more rapid increase.
Regional and National Partnership and Sponsorship Management Fee <sup>†</sup>	\$950 monthly management fee for Franchisor and/or its Affiliate to manage, promote and sell regional and national partnerships and sponsorships at Franchisee's Picklr Facility	Due monthly by the 17 <sup>th</sup> of each month, commencing on the date the Picklr Franchise opens	Payable by ACH. Franchisor and/or its Affiliate will manage, sell and promote all partnerships and sponsorships. Franchisee will not engage in local, regional or national partnership and sponsorship activity without Franchisor's prior approval.
Training <sup>†</sup>	\$1,000 per person after the initial two persons attend training; plus transportation, lodging, meals and all other personal expenses for each trainee	As incurred	Initial training for up to two persons is included in the Initial Franchisee Fee. If Franchisee wishes for more than two persons to attend training or, in Franchisor's sole discretion, persons must attend additional training to be approved to work in the Picklr Franchise, the Franchisee will pay the training fee.

Type of Fee	Amount	Due Date	Remarks
QuickBooks Accounting Software and Integration Fee	<p>QuickBooks License – Premier Accountant Edition (\$500 - \$1000 per year) or Enterprise Edition (\$2,000 - \$3,000 per year)</p> <p>a. QuickBooks Training - \$1,500 (one time)</p> <p>b. QuickBooks setup on Store Server - \$180 (one time)</p> <p>c. QuickBooks Support During Integration \$1,200 (one time)</p> <p>d. QuickBooks Beginning Balances \$1,000 (one time)</p> <p>e. Qvinci – \$209.95 (per year)</p>	Before opening and as incurred	<p>QuickBooks online software is required. Franchisee is required to obtain the Premier Accountant Edition or Enterprise Edition.</p> <p>Qvinci is an accounting platform that is an extension of the QuickBooks software and provides financial data consolidation, reporting, benchmarking and other business intelligence for a Picklr Franchise.</p>
Software / Technology	\$0 - \$5,000	As incurred	Additional Software and Technology could include fees for Google GSuite, video surveillance, podium customer support, patch customer retention and website / app ongoing maintenance.
Technology Fee	\$995 per month commencing 90 days from opening of the Picklr Franchise	Due monthly by the 17 <sup>th</sup> of each month	The Technology Fee includes POS (currently PlaybyPoint), Bridge LMS, Picklr email, Podium, social media software, Canva, REVEL and Sound Track.
Printing / Graphic Design	\$0 - \$2,000	As incurred	Will depend upon size, number and type of design and printing is needed on an ongoing basis.
Fees for miscellaneous assistance	\$0 - \$3,000	As Incurred	Periodically, Franchisor may provide various types of assistance to Franchisee for which Franchisor may charge a fee. Types of charges and fees will be set forth in the Operations Manual.

Type of Fee	Amount	Due Date	Remarks
Indemnification	\$0 - \$1 million	As incurred	Franchisee must reimburse Franchisor if Franchisor is held liable for claims resulting from Franchisee's operations of its Picklr Franchise.
Costs and Attorneys' Fees	\$0 - \$50,000	As Incurred	Payable to Franchisor in the event of Franchisee's failure to comply with the Franchise Agreement, Operations Manual and other agreements governing the Picklr Franchise.
Interest on Late Payments <sup>†</sup>	Lesser of 18% per annum or maximum allowed by law	Payable immediately upon the due date	Payable immediately.
Audit Fee <sup>†</sup>	Cost of the audit plus the amount due because of the misreporting and a fine as set forth in the Operations Manual	Payable immediately upon completion of the audit	Payable to Franchisor if it is determined that you have understated the amount due by greater than 2% or if you obstruct or fail to cooperate with Franchisor's audit or if you fail to provide required financial statements and Franchisor performs an audit instead.
Franchise Transfer Fee <sup>†</sup>	50% of the then current Initial Franchise Fee	Payable upon Franchisee's request for a transfer	Payable only if Franchisee requests to transfer its Picklr Franchise to a third party.
Development Transfer Fee <sup>†</sup>	50% of the then current Initial Franchise Fee for each opened Picklr Franchise and \$2,500 for each unopened Picklr Facility to be transferred	Payable upon Franchisee's request for a transfer	Payable only if Multi-Unit Developer requests to transfer its unopened and/or opened units to a third party.
Successor Franchise Fee <sup>†</sup>	\$10,000	Upon execution of Franchisee's Successor Franchise Agreement	Payable only if Franchisee signs a Successor Franchise Agreement at the end of the initial term.
Corporate Guaranty Fee <sup>†</sup>	2% of gross revenue paid monthly for initial term and any extensions.	Monthly	See Item 5 for more information on the Corporate Guaranty fee

Type of Fee	Amount	Due Date	Remarks
Franchisee Meetings and/or Conferences	\$1,000 per meeting or conference	Within 30 days of receipt of invoice	If Franchisor hosts any local, regional and/or national meetings or conferences, we may charge you a registration fee.
Supplier/Product Inspection Fee <sup>†</sup>	\$0 - \$5,000	Payable upon request to consider	Due in advance of our consideration. Payable only if Franchisee requests a previously unapproved supplier be approved for use.

<sup>†</sup> Denotes fees which are imposed and payable to Franchisor or its Affiliates. All fees paid to Franchisor or its Affiliates are uniform and non-refundable under any circumstances once paid. Fees paid to vendors or other suppliers may or may not be refundable depending on the vendors and suppliers. Franchisor reserves the right to require Franchisee pay fees and other amounts due to Franchisor via electronic funds transfer or other similar means, as described in the Franchise Agreement. If payments are required in this method, Franchisee must comply with Franchisor's procedures and perform all acts and deliver and sign all documents, including authorization (in the form attached to the Franchise Agreement as **Attachment B** or any other form that Franchisor may accept) for direct debits from Franchisee's business bank operating account, which may be necessary to assist in or accomplish payment by this method. Under this procedure Franchisee authorizes Franchisor to initiate debit entries and/or credit correction entries to a designated checking or savings account for payments of fees and other amounts payable to Franchisor and any interest that may be owing. Franchisee must make the funds available to Franchisor for withdrawal by electronic transfer no later than the payment due date.

(1) "Gross Sales" means the total of all receipts derived from all sales of Products and Services at Franchisee's Picklr Franchise, including sales made away from Franchisee's Picklr Facility, insurance claims for lost profits to the extent a claim is paid by the insurer, and all other Products sold and Services performed by or for Franchisee or Franchisee's Picklr Franchise or by means of the business conducted under the Picklr Franchise, whether the receipts are evidenced by cash, credit, checks, gift certificates, scrip, coupons, services, property or other means of exchange. Gross Sales does not include (a) the amount of any tax imposed by any federal, state, municipal or other governmental authority directly on sales and collected from customers, provided that the amount of any such tax is shown separately and in fact paid by Franchisee to the appropriate governmental authority; and (b) all customer refunds, valid discounts and coupons, and credits made by the Picklr Franchise (exclusions will not include any reductions for credit card user fees, returned checks or reserves for bad credit or doubtful accounts). Gross Sales shall be deemed received by Franchisee at the time the Services or Products from which they were derived are delivered or rendered or at the time the relevant sale takes place, whichever occurs first, regardless of whether final payment (e.g., collection on a customer's personal check) actually has been received by Franchisee. Gross Sales consisting of property, Products or Services shall be valued at the retail prices applicable and in effect at the time that they are received.

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**ITEM 7**  
**ESTIMATED INITIAL INVESTMENT**  
**YOUR ESTIMATED INITIAL INVESTMENT**  
**SINGLE UNIT**

<b>Type of Expenditure <sup>(1)</sup></b>	<b>Low Amount</b>	<b>High Amount</b>	<b>Method of Payment</b>	<b>When Due</b>	<b>To Whom Payment is Made</b>
Initial Franchise Fee <sup>(2)</sup>	\$60,000	\$60,000	Lump Sum	Upon signing the Franchise Agreement	Franchisor
Start-Up Advertising and Promotions Expense <sup>(3)</sup>	\$25,000	\$35,000	As Incurred	As Required by Suppliers	Suppliers
Architecture and Design <sup>(4)</sup>	\$10,000	\$12,000	As Incurred	As Required by Supplier(s)	Suppliers
Architect of Record <sup>(4)</sup>	\$25,000	\$50,000	As Incurred	As Required by Supplier(s)	Suppliers
Leasehold Improvements <sup>(4)</sup>	\$200,000	\$500,000	As Incurred	Before Opening	Suppliers
Insurance <sup>(5)</sup>	\$3,000	\$6,000	Lump Sum	As Specified by Carrier	Insurer
POS Equipment, Software Licenses and Computer Systems <sup>(6)</sup>	\$1,000	\$3,000	Lump Sum	As Required by Supplier(s)	Suppliers
Rent and Deposit <sup>(7)</sup>	\$15,000	\$50,000	Lump Sum	As Required by Landlord	Landlord
Equipment and Installation <sup>(8)</sup>	\$20,500	\$28,000	As Incurred	Before Opening	Contractors and Suppliers
Branding Installation <sup>(9)</sup>	\$35,000	\$100,000	As Incurred	Before Opening	Contractors and Suppliers
Furnishings and Fixtures <sup>(10)</sup>	\$35,000	\$85,000	Lump Sum	Before Opening	Suppliers
Signage <sup>(11)</sup>	\$2,500	\$10,000	Lump Sum	Before Opening	Suppliers
Digital Infrastructure <sup>(12)</sup>	\$50,000	\$55,000	Lump Sum	Before Opening	Suppliers
Transportation/Freight <sup>(13)</sup>	\$5,000	\$10,000	Lump Sum	Before Opening	Suppliers
Utility deposits and fees <sup>(14)</sup>	\$100	\$3,500	As Incurred	As Required by Utility Company	Suppliers
Licenses and Permits <sup>(15)</sup>	\$500	\$4,000	Lump Sum	As Required by Government Agencies	Government Agencies
Legal and Accounting <sup>(16)</sup>	\$1,000	\$5,000	Lump Sum	Before Commencing and During Process	Attorney and Accountant
Travel and Wages for Initial Training <sup>(17)</sup>	\$5,000	\$12,000	As Incurred	As Required by Suppliers	Suppliers
Opening Inventory <sup>(18)</sup>	\$20,000	\$40,000	Lump Sum	Before Opening	Affiliates and Suppliers
Security System and Electronic Entry Access System <sup>(19)</sup>	\$1,000	\$7,000	As Incurred	Before Opening	Suppliers

Type of Expenditure <sup>(1)</sup>	Low Amount	High Amount	Method of Payment	When Due	To Whom Payment is Made
Corporate Guaranty Fee <sup>(20)</sup>	\$0	\$2,000	As Incurred	As Incurred	Franchisor
Sinking Fund <sup>(21)</sup>	\$800	\$800	Monthly Deposit	Monthly	Third Parties
Additional Funds (initial 3 months) <sup>(22)</sup>	\$25,000	\$100,000	As Incurred	During First 3 Months of Operations	Third Parties
<b>TOTAL ESTIMATED INITIAL INVESTMENT</b> <sup>(23)</sup>	<b>\$540,400</b>	<b>\$1,178,300</b>			

**Notes:**

- (1) The high and low ranges in the table are based on an average Picklr Franchise and on Franchisor's experience of developing seven Picklr Clubs. All estimated expenses are subject to change and Franchisor may update and change the requirements at any time in the Operations Manual. All fees imposed by Franchisor are non-refundable unless otherwise noted. (See ITEM 5). Fees and expenses paid to suppliers, vendors or other third parties may or may not be refundable depending on the arrangements Franchisee makes with them.
- (2) Initial Franchise Fee. The Initial Franchisee Fee is \$60,000 for the first Picklr Franchise that Franchisee opens. It is due when the Franchise Agreement is signed by Franchisee. This fee includes Franchisee's Initial Training Program for two people but excludes employee wages and compensation, travel, lodging, and meal expenses during such training.
- (3) Start-Up Advertising and Promotions Expense. This includes approximately \$9,500 for a portable rollout pickleball court ("The Picklr SportCourt™").
- (4) Architecture and Design, Architect of Record, Leasehold Improvements. These amounts are an estimate of the range of costs for leasehold improvements, architecture and design and retaining an architect of record. These costs will vary substantially based on local conditions, including the availability and prices of labor and materials and size of the building. These estimates assume that a landlord will provide a "vanilla shell" space which, at a minimum, includes concrete floors, demised walls, working HVAC, roof, and utilities stubbed to the premises sufficient for a Picklr Franchise. These costs could be substantially higher in certain markets and for certain sites. Franchisee should carefully investigate all costs in the area where Franchisee wishes to establish its Picklr Franchise. The previous tenant or the landlord may have already installed certain leasehold improvements that are compatible with Franchisor's specifications thus reducing certain costs. This estimate does not include any tenant improvement allowance Franchisee may receive from the landlord. This estimate does not include the costs of any necessary site development or site engineering work, nor does it include capitalized costs of rent or other occupancy costs, over either the life of the lease or the life of Franchisee's investment. These amounts do not include the purchase of a building or site on which a building would be built. Franchisor does have a recommended vendor, Lark Design Studios, for the layout and design of the Picklr Facility, for which Franchisee will contract with directly.
- (5) Insurance. Franchisee must purchase and at all times maintain in full force and effect insurance policies, in such amounts and on such terms, as prescribed in Item 8 and as may be modified in the Operations Manual. It is difficult to estimate the exact amount the insurance will cost because rates vary by the size of the premises, location of the premises, value of leasehold improvements, amount



of inventory, and amount of wages and other related conditions. The amounts stated are Franchisor's best estimate of the range of costs associated with insurance policies.

- (6) POS Equipment, Software Licenses and Computer Systems: Initial POS equipment, Software Licenses and Computer Systems will be required before commencing business operations. The amounts stated are Franchisor's best estimate of the range of costs.
- (7) Rent & Deposit. Franchisee will need a 10,000 to 45,000 square foot structure to adequately operate its Picklr Franchise. If Franchisee does not own a space that meets Franchisor's guidelines, Franchisee must lease space for its Picklr Franchise. Generally, this will require that Franchisee pay the first and the last month's rent, plus a security deposit, at the time Franchisee signs the Lease. Franchisor provides site selection guidelines and reserves the right to reject Franchisee's proposed Picklr Facility. In most cases, the business terms and conditions of all agreements relating to the lease, and alteration of the premises will be negotiated by Franchisee. Franchisor also requires that Franchisee incorporate certain legal provisions into Franchisee's lease. The amounts stated are Franchisor's best estimate of the range of costs for fees and security deposits.
- (8) Equipment and Installation. This includes the estimated cost to purchase and install equipment. This amount includes ball machines.
- (9) Branding Installation. This includes installation of all interior signs, millwork components, front counter, furniture and branding specifically for the Picklr Franchise; installation of the overhead sound baffling system, security system, sound system, AI pickleball system and other brand-specific components. Although not required to use Franchisor's vendors for branding installation, if Franchisee elects to use the Picklr Go Branding installation team, this cost will be between \$35,000-\$40,000.
- (10) Furnishings and Fixtures. Lights, nets, fencing and other supplies used for Picklr Franchise including cleaning and sanitation including a court cleaning machine); incident prevention and response; maintenance and upkeep; and office areas. The supply requirements may vary based on premises layout and pricing may vary based on vendors. The amounts stated are Franchisor's best estimate of the range of costs.
- (11) Signage. Franchisor provides the specifications associated with the signs and graphics and only those signs, graphics, and materials Franchisor authorizes will be permitted to be erected, posted, or distributed. At Franchisee's expense, Franchisee is responsible for the production and installation of signs and graphics and should do so in accordance with governmental and landlord requirements. The costs of fabricating and installing authorized signs and graphics can vary. All specified signs and graphics must be completed and properly erected and posted prior to commencing Franchisee's Picklr Franchise operations and signs and graphics must be maintained in a condition acceptable to Franchisor. The amounts stated are Franchisor's best estimate of the range of costs associated with printing and signage.
- (12) Digital Infrastructure. Franchisee is required to install digital signage platform through Revel, with speakers, cameras and Taylor-Winfield technology.
- (13) Transportation and Freight. Franchisee will pay transportation and freight charges on shipping equipment and supplies. This includes approximately \$6,000 to ship The Picklr SportCourt™.
- (14) Utility Deposits and Fees. Franchisee will setup and pay for utilities. Franchisee will incur certain costs and will likely be required to pay deposits. These amounts are Franchisor's best estimate of the range of costs associated with the deposits Franchisee may have to pay for utilities.

- (15) Licenses and Permits. Local, municipal, county and state regulations vary in relation to what licenses and permits are required to operate Franchisee's Picklr Franchise. Franchisor cannot estimate the cost to obtain a liquor license, if approved by Franchisor, since it varies greatly from jurisdiction to jurisdiction depending on the licensing activity involved and the local liquor license resale market, if any. Franchisee will obtain all licenses required for the service of beer, wine and alcohol at Picklr Franchise, if Franchisee serves alcohol. The amounts stated are Franchisor's best estimate of the range of costs associated with paying for licenses and permits before commencing business operations, excluding the cost of securing liquor license, if approved by Franchisor.
- (16) Legal and Accounting. Legal and accounting fees may vary depending on location, the firm Franchisee uses, and the amount of legal and accounting advice Franchisee receives. The amounts stated are Franchisor's best estimate of the range of costs associated with legal and accounting services necessary to commence business operations.
- (17) Travel and Wages for Initial Training. Up to two people are required to attend the Initial Training Program. Franchisee must pay for all out-of-pocket expenses for all trainees who attend. The expenses Franchisee is responsible to pay include employee wages and compensation, transportation, lodging, meals and all other personal expenses. These costs will vary due to the distance traveled, accommodations selected, restaurants selected, the distance between the hotel and the training center and the transportation selected. These amounts stated are Franchisor's best estimate of the range of costs associated with training expenses.
- (18) Opening Inventory. Initial inventory and base stocks for general operations and for resale of products at the pro shop, equipment, food and beverages and other inventory items used in Picklr Franchise. The amounts stated are Franchisor's best estimate of the range of costs associated with opening inventory. After the initial opening, monthly restocking of inventory, resale products, equipment, food and beverages will be approximately \$1,000 to \$5,000 depending upon how quickly the inventory is depleted.
- (19) Security System and Electronic Entry Access System. Franchisee will be required to purchase a security system and electronic entry access system for protection of Picklr Facility from theft, vandalism and other damages and to permit members, where offered, offer-hour entry.
- (20) Corporate Guaranty Fee. If Franchisor is a guarantor on the lease for Franchisee's Picklr Franchise, Franchisee will be required to pay Franchisor a quarterly Corporate Guaranty Fee equal to 2% of Gross Sales. If the landlord does not require a guaranty by the Franchisor or if Franchisor declines to provide a guaranty on the Franchisee's lease, the Corporate Guaranty Fee will not be charged.
- (21) Sinking Fund. The Sinking Fund will be a separate account from the Franchisee's general operating account and will only be used for updates and remodels to Picklr Facilities, replacement of flooring, lighting and other expenses exceeding \$5,000. The amount is Franchisor's best estimate of the monthly amount that should be preserved for future updates and remodels.
- (22) Additional Funds – initial three months. These amounts represent our estimate of the amount needed to cover your expenses, based on our experience of opening a Picklr Facility, for the initial three (3) months of operations of the Franchised Business. The additional funds include an estimate of the start-up costs such as pre-opening expenses including initial employee wages and benefits, recruitment, electricity, telephone, and other supplies.
- (23) Total Estimated Initial Investment. These figures are estimates only. Franchisee may incur additional expenses starting its Picklr Franchise.

## YOUR ESTIMATED INITIAL INVESTMENT

### MULTI-UNIT

(The following estimates are for a 3-Unit development)

Type of Expenditure <sup>(1)</sup>	Low Amount	High Amount	Method of Payment	When Due	To Whom Payment is Made
Initial Franchise Fee <sup>(2)</sup>	\$60,000	\$60,000	Lump Sum	Upon signing the Franchise Agreement	Franchisor
Multi-Unit Development Fee (3-unit purchase) <sup>(2)</sup>	\$70,000	\$70,000	Lump Sum	Upon signing the Multi-Unit Development Agreement	Franchisor
Start-Up Advertising and Promotions Expense <sup>(3)</sup>	\$25,000	\$35,000	As Incurred	As Required by Suppliers	Suppliers
Architecture and Design <sup>(4)</sup>	\$10,000	\$12,000	As Incurred	As Required by Supplier(s)	Suppliers
Architect of Record <sup>(4)</sup>	\$25,000	\$50,000	As Incurred	As Required by Supplier(s)	Suppliers
Leasehold Improvements <sup>(4)</sup>	\$200,000	\$500,000	As Incurred	Before Opening	Suppliers
Insurance <sup>(5)</sup>	\$3,000	\$6,000	Lump Sum	As Specified by Carrier	Insurer
POS Equipment, Software Licenses and Computer Systems <sup>(6)</sup>	\$1,000	\$3,000	Lump Sum	As Required by Supplier(s)	Suppliers
Rent and Deposit <sup>(7)</sup>	\$15,000	\$50,000	Lump Sum	As Required by Landlord	Landlord
Equipment and Installation <sup>(8)</sup>	\$20,500	\$28,000	As Incurred	Before Opening	Contractors and Suppliers
Branding Installation <sup>(9)</sup>	\$35,000	\$100,000	As Incurred	Before Opening	Contractors and Suppliers
Furnishings and Fixtures <sup>(10)</sup>	\$35,000	\$85,000	Lump Sum	Before Opening	Suppliers
Signage <sup>(11)</sup>	\$2,500	\$10,000	Lump Sum	Before Opening	Suppliers
Digital Infrastructure <sup>(12)</sup>	\$50,000	\$55,000	Lump Sum	Before Opening	Suppliers
Transportation/Freight <sup>(13)</sup>	\$5,000	\$10,000	Lump Sum	Before Opening	Suppliers
Utility deposits and fees <sup>(14)</sup>	\$100	\$3,500	As Incurred	As Required by Utility Company	Suppliers
Licenses and Permits <sup>(15)</sup>	\$500	\$4,000	Lump Sum	As Required by Government Agencies	Government Agencies
Legal and Accounting <sup>(16)</sup>	\$1,000	\$5,000	Lump Sum	Before Commencing and During Process	Attorney and Accountant
Travel and Wages for Initial Training <sup>(17)</sup>	\$5,000	\$12,000	As Incurred	As Required by Suppliers	Suppliers

Type of Expenditure <sup>(1)</sup>	Low Amount	High Amount	Method of Payment	When Due	To Whom Payment is Made
Opening Inventory <sup>(18)</sup>	\$20,000	\$40,000	Lump Sum	Before Opening	Affiliates and Suppliers
Security System and Electronic Entry Access System <sup>(19)</sup>	\$1,000	\$7,000	As Incurred	Before Opening	Suppliers
Corporate Guaranty Fee <sup>(20)</sup>	\$0	\$2,000	As Incurred	As Incurred	Franchisor
Sinking Fund <sup>(21)</sup>	\$800	\$800	Monthly Deposit	Monthly	Third Parties
Additional Funds (initial 3 months) <sup>(22)</sup>	\$25,000	\$100,000	As Incurred	During First 3 Months of Operations	Third Parties
<b>TOTAL ESTIMATED INITIAL INVESTMENT</b> <sup>(23)</sup>	<b>\$610,400</b>	<b>\$1,248,300</b>			

- (1) The high and low ranges in the table are based on an average Picklr Franchise and on Franchisor's experience of developing seven Picklr Clubs. All estimated expenses are subject to change and Franchisor may update and change the requirements at any time in the Operations Manual. All fees imposed by Franchisor are non-refundable unless otherwise noted. (See ITEM 5). Fees and expenses paid to suppliers, vendors or other third parties may or may not be refundable depending on the arrangements Franchisee makes with them.
- (2) Initial Franchise Fee. The Initial Franchisee Fee is \$60,000 for the first Picklr Franchise that Franchisee opens. It is due when the Franchise Agreement is signed by Franchisee. This fee includes Franchisee's Initial Training Program for two people but excludes employee wages and compensation, travel, lodging, and meal expenses during such training.
- (3) Start-Up Advertising and Promotions Expense. This includes approximately \$9,500 for a portable rollout pickleball court ("The Picklr SportCourt™").
- (4) Architecture and Design, Architect of Record, Leasehold Improvements. These amounts are an estimate of the range of costs for leasehold improvements, architecture and design and retaining an architect of record. These costs will vary substantially based on local conditions, including the availability and prices of labor and materials and size of the building. These estimates assume that a landlord will provide a "vanilla shell" space which, at a minimum, includes concrete floors, demised walls, working HVAC, roof, and utilities stubbed to the premises sufficient for a Picklr Franchise. These costs could be substantially higher in certain markets and for certain sites. Franchisee should carefully investigate all costs in the area where Franchisee wishes to establish its Picklr Franchise. The previous tenant or the landlord may have already installed certain leasehold improvements that are compatible with Franchisor's specifications thus reducing certain costs. This estimate does not include any tenant improvement allowance Franchisee may receive from the landlord. This estimate does not include the costs of any necessary site development or site engineering work, nor does it include capitalized costs of rent or other occupancy costs, over either the life of the lease or the life of Franchisee's investment. These amounts do not include the purchase of a building or site on which a building would be built. Franchisor does have a recommended vendor, Lark Design Studios, for the layout and design of the Picklr Facility, for which Franchisee will contract with directly.

- (5) Insurance. Franchisee must purchase and at all times maintain in full force and effect insurance policies, in such amounts and on such terms, as prescribed in Item 8 and as may be modified in the Operations Manual. It is difficult to estimate the exact amount the insurance will cost because rates vary by the size of the premises, location of the premises, value of leasehold improvements, amount of inventory, and amount of wages and other related conditions. The amounts stated are Franchisor's best estimate of the range of costs associated with insurance policies.
- (6) POS Equipment, Software Licenses and Computer Systems: Initial POS equipment, Software Licenses and Computer Systems will be required before commencing business operations. The amounts stated are Franchisor's best estimate of the range of costs.
- (7) Rent & Deposit. Franchisee will need a stand-alone, 10,000 to 45,000 square foot structure to adequately operate its Picklr Franchise. If Franchisee does not own a space that meets Franchisor's guidelines, Franchisee must lease space for its Picklr Franchise. Generally, this will require that Franchisee pay the first and the last month's rent, plus a security deposit, at the time Franchisee signs the Lease. Franchisor provides site selection guidelines and reserves the right to reject Franchisee's proposed Picklr Facility. In most cases, the business terms and conditions of all agreements relating to the lease, and alteration of the premises will be negotiated by Franchisee. Franchisor also requires that Franchisee incorporate certain legal provisions into Franchisee's lease. The amounts stated are Franchisor's best estimate of the range of costs for fees and security deposits.
- (8) Equipment and Installation. This includes the estimated cost to purchase and install equipment. This amount includes ball machines.
- (9) Branding Installation. This includes installation of all interior signs, millwork components, front counter, furniture and branding specifically for the Picklr Franchise; installation of the overhead sound baffling system, security system, sound system, AI pickleball system and other brand-specific components. Although not required to use Franchisor's vendors for branding installation, if Franchisee elects to use the Picklr Go Branding installation team, this cost will be between \$35,000-\$40,000.
- (10) Furnishings and Fixtures. Lights, nets, fencing and other supplies used for Picklr Franchise including cleaning and sanitation including a court cleaning machine); incident prevention and response; maintenance and upkeep; and office areas. The supply requirements may vary based on premises layout and pricing may vary based on vendors. The amounts stated are Franchisor's best estimate of the range of costs.
- (11) Signage. Franchisor provides the specifications associated with the signs and graphics and only those signs, graphics, and materials Franchisor authorizes will be permitted to be erected, posted, or distributed. At Franchisee's expense, Franchisee is responsible for the production and installation of signs and graphics and should do so in accordance with governmental and landlord requirements. The costs of fabricating and installing authorized signs and graphics can vary. All specified signs and graphics must be completed and properly erected and posted prior to commencing Franchisee's Picklr Franchise operations and signs and graphics must be maintained in a condition acceptable to Franchisor. The amounts stated are Franchisor's best estimate of the range of costs associated with printing and signage.
- (12) Digital Infrastructure. Franchisee is required to install digital signage platform through Revel, with speakers, cameras and Taylor-Winfield technology.
- (13) Transportation and Freight. Franchisee will pay transportation and freight charges on shipping equipment and supplies. This includes approximately \$6,000 to ship The Picklr SportCourt™.

- (14) Utility Deposits and Fees. Franchisee will setup and pay for utilities. Franchisee will incur certain costs and will likely be required to pay deposits. These amounts are Franchisor's best estimate of the range of costs associated with the deposits Franchisee may have to pay for utilities.
- (15) Licenses and Permits. Local, municipal, county and state regulations vary in relation to what licenses and permits are required to operate Franchisee's Picklr Franchise. Franchisor cannot estimate the cost to obtain a liquor license, if approved by Franchisor, since it varies greatly from jurisdiction to jurisdiction depending on the licensing activity involved and the local liquor license resale market, if any. Franchisee will obtain all licenses required for the service of beer, wine and alcohol at Picklr Franchise, if Franchisee serves alcohol. The amounts stated are Franchisor's best estimate of the range of costs associated with paying for licenses and permits before commencing business operations, excluding the cost of securing liquor license, if approved by Franchisor.
- (16) Legal and Accounting. Legal and accounting fees may vary depending on location, the firm Franchisee uses, and the amount of legal and accounting advice Franchisee receives. The amounts stated are Franchisor's best estimate of the range of costs associated with legal and accounting services necessary to commence business operations.
- (17) Travel and Wages for Initial Training. Up to two people are required to attend the Initial Training Program. Franchisee must pay for all out-of-pocket expenses for all trainees who attend. The expenses Franchisee is responsible to pay include employee wages and compensation, transportation, lodging, meals and all other personal expenses. These costs will vary due to the distance traveled, accommodations selected, restaurants selected, the distance between the hotel and the training center and the transportation selected. These amounts stated are Franchisor's best estimate of the range of costs associated with training expenses.
- (18) Opening Inventory. Initial inventory and base stocks for general operations and for resale of products at the pro shop, equipment, food and beverages and other inventory items used in Picklr Franchise. The amounts stated are Franchisor's best estimate of the range of costs associated with opening inventory. After the initial opening, monthly restocking of inventory, resale products, equipment, food and beverages will be approximately \$1,000 to \$5,000 depending upon how quickly the inventory is depleted.
- (19) Security System and Electronic Entry Access System. Franchisee will be required to purchase a security system and electronic entry access system for protection of Picklr Facility from theft, vandalism and other damages and to permit members, where offered, offer-hour entry.
- (20) Corporate Guaranty Fee. If Franchisor is a guarantor on the lease for Franchisee's Picklr Franchise, Franchisee will be required to pay Franchisor a quarterly Corporate Guaranty Fee equal to 2% of Gross Sales. If the landlord does not require a guaranty by the Franchisor or if Franchisor declines to provide a guaranty on the Franchisee's lease, the Corporate Guaranty Fee will not be charged.
- (21) Sinking Fund. The Sinking Fund will be a separate account from the Franchisee's general operating account and will only be used for updates and remodels to Picklr Facilities, replacement of flooring, lighting and other expenses exceeding \$5,000. The amount is Franchisor's best estimate of the monthly amount that should be preserved for future updates and remodels.
- (22) Additional Funds – initial three months. These amounts represent our estimate of the amount needed to cover your expenses, based on our experience of opening a Picklr Facility, for the initial three (3) months of operations of the Franchised Business. The additional funds include an estimate of the start-up costs such as pre-opening expenses including initial employee wages and benefits, recruitment, electricity, telephone, and other supplies.

- (23) Total Estimated Initial Investment. These figures are estimates only. Franchisee may incur additional expenses starting its Picklr Franchise.

## ITEM 8 RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

Franchisee must establish and operate its Picklr Franchise in compliance with the Franchise Agreement and the standards and specifications Franchisor may specify from time to time in its confidential operations manual (“**Operations Manual**”) loaned to Franchisee by Franchisor.

Franchisee must provide the Services and sell the Products per Franchisor’s specifications and standards. Franchisor reserves the right to require that Franchisee sell additional or different Services and Products in the Picklr Franchise on 30 days prior written notice to Franchisee. Franchisor reserves the right to change standards and specifications of the Products and Services on 30 days' prior written notice to Franchisee.

To maintain Franchisor’s standards of consistent, high quality Products and Services, customer recognition, advertising support, value and uniformity in Picklr Franchises, Franchisee must purchase or lease all of its required equipment, supplies, fixtures, inventory, goods, services and products used in or sold through its Picklr Franchise, only from Franchisor or its authorized, designated or required suppliers and distributors. As of the date of this Franchise Disclosure Document none of Franchisor’s officers own an interest in any required or authorized supplier.

Required vendors include: ERNE for Ball Machines; American AED machine; Picklr Shop for inventory for resale; Stack Athletics for privately-branded products for resale in the pro shop, Revel Media for televisions, Brady for court cleaning machines, Rombus for security system and Winfield Information Systems for AI recording system.

The names of Franchisor’s authorized suppliers will be provided in the Operations Manual.

In the fiscal year ending December 31, 2023, Franchisor did not receive any consideration from purchases by franchisees from required vendors.

As of the date of this Franchise Disclosure Document Franchisor has not received any referral fees or other consideration from Franchisor’s authorized or designated suppliers. In the future, Franchisor may derive revenue from Franchisee’s purchases or leases of goods, services, supplies, fixtures, equipment, inventory and products from Franchisor or its affiliates. The precise basis by which Franchisee may derive revenue in the future is undetermined at this time, but it will likely be through manufacturer or distributor commissions, in kind services, or rebates. If Franchisor derives revenue in the future from Franchisee’s purchases or leases of goods, services, supplies, fixtures, equipment, inventory and products from Franchisor, its authorized or designated suppliers and distributors, the precise basis by which Franchisor will do so will be disclosed in the then-current Franchise Disclosure Document and to Franchisee. Franchisor may negotiate agreements with potential sponsors for local, regional or national events for which the consideration from the sponsor may be the resale of the sponsor's product in the Picklr Franchise. While Franchisor may not receive revenue from such transactions, but may receive wholesale or favorable purchasing rights that may be passed along to the Franchisee.

It is a material breach of Franchisee’s Franchise Agreement if Franchisee buys products, equipment, supplies, fixtures, inventory, goods or services from anyone other than Franchisor’s required suppliers or distributors without Franchisor’s prior written approval. If Franchisee wishes to purchase, lease or use any unapproved products or other items, or to purchase or lease from an unapproved supplier, Franchisee must submit a written request for approval, or must request the supplier do so. Franchisor must approve any product or supplier in writing before Franchisee makes any purchases of that product or from

that supplier. Franchisor will then review the request and notify Franchisee of Franchisor's approval or disapproval within 6 months. Franchisor can require that its representatives be permitted to inspect the supplier's facilities and that samples from the supplier be delivered, either to Franchisor or to an independent laboratory, for testing. Franchisee or the supplier must pay Franchisor's then-current fee for evaluating the proposed product or supplier which will range from \$0 to \$5,000 depending upon the amount of Franchisor's time needed to evaluate a proposed product or supplier, including travel expenses and other hard costs associated with the evaluation. Approval for a supplier includes, but is not limited to durability, economics, financial strength and supply chain efficiencies, among other criteria. Franchisor's product or supplier approval procedure does not obligate Franchisor to approve any particular product or supplier. Franchisor reserves the right, at its option, to periodically re-inspect the facilities and products of any approved supplier and to revoke its approval if the supplier does not continue to meet any of its then-current criteria. Franchisor may withdraw its approval of a supplier upon a 30-day prior written notice to all franchisees.

Franchisor estimates that the purchase of supplies, equipment, inventory, fixtures, goods, services and products from Franchisor or its designated or authorized sources, or those meeting its standards and specifications, will be approximately 10% to 15% of Franchisee's total cost to establish a Picklr Franchise and 10% to 20% of Franchisee's total cost of operating a Picklr Franchise (not including amortization, depreciation, or replacement of worn or obsolete improvements, equipment or fixtures). Since Franchisor just started to franchise, Franchisor has not derived any revenue rebates or other material considerations based on the required purchases or leases.

Franchisee is required to purchase insurance policies at its sole cost and expense. The Insurance policy must protect Franchisee, Franchisor, Franchisor's designated Affiliates and the officers, directors and employees of Franchisor and Franchisor's designated Affiliates against any loss, liability, personal injury, death, property damage or expense resulting from the operation of the Picklr Franchise and all Products and Services Franchisee provides in connection with the operation of its Picklr Franchise as Franchisor may require for Franchisee's and Franchisor's protection. Franchisee's insurance policy must meet Franchisor's minimum specifications as follows: (i) general liability: \$1 million per occurrence / \$2 million aggregate; (ii) liquor liability (if applicable): \$1 million per occurrence / \$2 million aggregate; (iii) umbrella: \$1 million minimum; (iv) auto: \$1 million combined single limit with hired and non/owned auto coverage or, if Franchisee doesn't own a vehicle, Franchisee must still carry hired / non-owned auto coverage; (v) worker's compensation: \$1 million per accident; \$1 million per policy; \$1 million per employees; (vi) employment practices liability insurance: \$1 million with third-party coverage; (vii) property, tenant improvement, betterments and enhancements and business personal property insurance will vary based upon size, buildout, furnishings, supplies, inventory, etc. (viii) cyber coverage: \$1 million; (ix) business interruption/business income insurance on an actual loss sustained for 12 months; (x) any other such insurance required by the state in which your Picklr Franchise is located; and (xi) any additional insurance and types of coverage as may be required by the terms of your lease. We may periodically increase the categories and amounts of coverage required under these insurance policies and/or require different or additional insurance coverage at any time. All insurance policies must name us and any affiliates we designate as additional named insured parties. For comprehensive general liability coverage and such other insurance (which Franchisor has the right to adjust periodically at its discretion) as set forth in the Operations Manual and Franchise Agreement. Franchisee must also procure and maintain all other insurance required by state or federal law including workers compensation insurance and unemployment insurance. If Franchisee fails to procure and maintain the required insurance coverage, Franchisor has the right and authority to procure the insurance coverage and charge Franchisee, which charges, together with a fee for Franchisor's expenses incurred in this procurement, Franchisee will pay immediately upon notice.

Franchisor does not have any purchasing or distribution co-operatives as of the date of this Franchise Disclosure Document. If Franchisor negotiates purchase arrangements with suppliers and distributors of authorized products for the benefit of its franchisees and Franchisor reserves the right to receive rebates on volume discounts from Franchisor's purchase of products that Franchisor may re-sell to Franchisee. Franchisor does not provide material benefits, such as renewing or granting additional



franchises to franchisees, based on Franchisee's use of designated or authorized suppliers and distributors. There are no caps or limitations on the maximum amount of rebates Franchisor may receive from its suppliers and distributors as the result of franchisee purchases.

Franchisee will be required to set up a sinking fund ("Sinking Fund") which Franchisee will deposit \$800 per month. This Sinking Fund will be a separate account from the Franchisee's general operating account and will only be used for updates and remodels to Picklr Facilities, replacement of flooring, lighting and other expenses exceeding \$5,000. The Sinking Fund will not be used by Franchisee for routine maintenance and replacement of equipment, inventory, merchandise or products. The amount is Franchisor's best estimate of the monthly amount that should be preserved for updates and remodels. Franchisee will be required to provide Franchisor with a bank statement of the Sinking Fund on a quarterly basis.

## ITEM 9 FRANCHISEE'S OBLIGATIONS

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

Obligation	Section in Agreement	Item in Franchise Disclosure Document
a. Site selection and acquisition/lease	Definitions and Section 7 of the Franchise Agreement	ITEM 11
b. Pre-opening purchases/leases	Sections 8 & 10 of the Franchise Agreement	ITEMS 8 & 11
c. Site development and other pre-opening requirements	Section 8 of the Franchise Agreement	ITEMS 6, 7 & 11
d. Initial and ongoing training	Sections 7 & 8 of the Franchise Agreement	ITEM 11
e. Opening	Section 7 of the Franchise Agreement	None
f. Fees	Sections 5, 6 & 12 of the Franchise Agreement; Section 3 of the Multi-Unit Development Agreement	ITEMS 5, 6 & 7
g. Compliance with standards and policies/Operations Manual	Section 8 of the Franchise Agreement	ITEM 11
h. Trademarks and proprietary information	Section 11 & Attachment E of the Franchise Agreement	ITEMS 13 & 14
i. Restrictions on products/services offered	Sections 8 and & 10 of the Franchise Agreement	ITEMS 8 & 16
j. Warranty and customer service requirements	Section 8 of the Franchise Agreement	ITEM 11
k. Territorial development and sales quotas	Section 4 of the Franchise Agreement; Sections 4, 5, & 16 of the Multi-Unit Development Agreement	ITEMS 11 & 12
l. Ongoing product purchases	Sections 8 & 10 of the Franchise Agreement	ITEM 16
m. Maintenance, appearance and remodeling requirements	Sections 3 & 8 of the Franchise Agreement	ITEM 7
n. Insurance	Section 13 of the Franchise Agreement	ITEM 8
o. Advertising	Section 12 of the Franchise Agreement	ITEM 11

<b>Obligation</b>	<b>Section in Agreement</b>	<b>Item in Franchise Disclosure Document</b>
p. Indemnification	Sections 11 & 13 of the Franchise Agreement; Section 14 of the Multi-Unit Development Agreement	Item 6
q. Owners participation/ Management/staffing	Section 8 of the Franchise Agreement	ITEM 15
r. Records/reports	Section 6 of the Franchise Agreement	ITEMS 6 & 17
s. Inspection/audits	Sections 6 & 8 of the Franchise Agreement	ITEM 6
t. Transfer	Section 16 of the Franchise Agreement; Section 8 of the Multi-Unit Development Agreement	ITEM 17
u. Renewal	Section 3 of the Franchise Agreement; Section 2 of the Multi-Unit Development Agreement	ITEM 17
v. Post-termination obligations	Sections 11 & 18 of the Franchise Agreement; Sections 7 & 11 of the Multi-Unit Development Agreement	ITEM 17
w. Non-competition covenants	Section 15 of the Franchise Agreement; Section 11 of the Multi-Unit Development Agreement	ITEM 17
x. Dispute resolution	Section 21 of the Franchise Agreement and Section 21 of the Multi-Unit Development Agreement	ITEM 17

## ITEM 10 FINANCING

Neither Franchisor nor any agent or Affiliate of Franchisor offers direct or indirect financing. Franchisor does not guarantee Franchisee's note, lease or obligation.

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

**Except as listed below, Franchisor is not required to provide Franchisee with any assistance.**

### **Pre-opening Obligations**

Before Franchisee opens its Picklr Franchise, Franchisor (or its designee) will provide the following assistance and services to Franchisee:

1. Designate Search Area if Franchisee has not yet identified an authorized location for its Picklr Facility. Franchisor will grant Franchisee a temporary protected geographic search area within which to locate a Picklr Franchise ("**Search Area**"). (See Section 4 of the Franchise Agreement and **Attachment A** to the Franchise Agreement).

2. Provide Franchisee with specifications and required and designated supplier information for all initial and replacement equipment, Products, Services, inventory, computer system and supplies required for the operation of the Picklr Franchise. (See Section 7.3(b) of the Franchise Agreement). Franchisee will be provided with support from a wholesale manager to assure the Franchisee has what the Franchisee needs for the pro shop and assist Franchisee with the ordering process.

3. Provide Franchisee with written site selection guidelines as Franchisor has outlined in the Operations Manual. (See Section 7.3(c) of the Franchise Agreement).

4. Authorize a site for the Picklr Franchise and review and authorize a final Lease for the Picklr Facility. (See Sections 7.3(c), 7.3(d) and 7.3(e) of the Franchise Agreement).

5. Approximately 45 days prior to when Franchisee reasonably believes it will open the Picklr Franchise up to two persons must attend, without extra charge, an Initial Training Program (“**Initial Training Program**”). Franchisor reserves the right to designate the specific person or persons who must attend the Initial Training Program. The Initial Training Program must be completed at least 15 days prior to opening the Picklr Franchise. The Initial Training Program shall be for seven business days in Kaysville, Utah (or other location designated by Franchisor). The Initial Training Program may include a discussion of the franchise system, techniques, procedures, methods of training and operation, advertising, sales techniques, promotional ideas, marketing plans, customer relations, patron safety, instructions on quality standards, point-of-sale training and practical experience in the operation of the Picklr Franchise. Franchisee will be required to pay for employee wages and compensation, airfare, lodging, meals, ground transportation, and any other personal expenses which are incurred to attend training.

6. Loan Franchisee one copy of Franchisor’s confidential and proprietary Operations Manual prior to the commencement of the Initial Training Program. The Operations Manual consists of one or more manuals, technical bulletins or other written materials and may be modified by Franchisor periodically in its discretion. The Operations Manual may be in printed or in an electronic format in Franchisor’s discretion. Franchisor reserves the right to require Franchisee to use an electronic version of the Operations Manual and to require Franchisee to access the manual using the Internet or an intranet created and supported by Franchisor. Franchisee will have the opportunity to view the Operations Manual at Franchisor’s headquarters before purchasing the Franchise, provided Franchisee agrees in writing to keep its content confidential. The Operations Manual contains approximately 198 pages plus 1,500 pages of video as part of the learning management system. The table of contents for the Operations Manual is attached to this Franchise Disclosure Document as **Exhibit H**. (See Section 7.3(g) of the Franchise Agreement).

7. Provide Franchisee with a list of initial inventory of equipment, supplies, printed materials and marketing information and inventory for resale in the pro shop that Franchisee will be responsible to purchase prior to opening the Picklr Franchise. (See Section 7.3(h) of the Franchise Agreement)

8. Provide Franchisee with access to a membership sales manager who will assist in outside the four walls marketing for presale memberships and provide Franchisee or club coordinator with key points for sales and marketing the Picklr membership.

9. Provide Franchisee with a “go team” who will provide on-site pre-opening and grand opening assistance for a minimum of five calendar days during the first week of operation of Franchisee’s Picklr Franchise. If Franchisee requests that Franchisor’s representatives stay for more than five calendar days, Franchisor may charge Franchisee a daily fee and Franchisee must reimburse Franchisor for all additional lodging, food and transportation costs Franchisor incurs during the additional time period.

## **Continuing Obligations**

During the term of the Franchise Agreement, Franchisor (or its designee) will provide the following assistance and services to Franchisee:

1. Make a regional manager available to speak with Franchisee on the telephone or via video call during regular business hours to discuss operational experiences and support needs to assistance

Franchisee with possible ways to drive sales (See Section 7.4(a) of the Franchise Agreement). There are no additional charges for these services.

2. Franchisor may choose to provide Franchisee with periodic meetings such as workshops and seminars. Franchisee may be required to pay a conference fee. Franchisee must pay all employee wages and compensation and travel and living costs incurred by Franchisee and anyone attending with Franchisee. Franchisor strongly encourages Franchisee to attend these conferences. These conferences are held at a location chosen by Franchisor. (See Section 7.4(b) of the Franchise Agreement).

3. Franchisor may choose to hold an annual mandatory conference for all franchisees. Attendance will be mandatory at these meetings. Franchisee will be required to pay a conference fee, all employee wages and compensation and all travel and living costs incurred by franchisee and anyone attending with Franchisee. (See Section 7.4(c) of the Franchise Agreement).

4. Inform Franchisee of mandatory specifications, standards and procedures for the operations of the Picklr Franchise, as described in ITEM 8. (See Section 7.4(d) of the Franchise Agreement). There are no additional charges for these services.

5. Research new Products, Services and training methods and provide Franchisee with information concerning developments of this research. (See Section 7.4(e) of the Franchise Agreement). There are no additional charges for these services.

6. Maintain the National Marketing and Advertising Fund and use these funds to develop promotional and advertising programs for Picklr Franchises. (See Section 7.4(f) of the Franchise Agreement). There are no additional charges for these services.

7. Provide marketing and advertising materials to Franchisee in the form of graphics package, which is included in the Operations Manual. (See Section 7.4(g) of the Franchise Agreement). There are no additional charges for these services.

8. A representative of Franchisors may, at its discretion, provide additional on-site assistance. On-site assistance may be provided only after Franchisee's Picklr Franchise has opened. (See Section 7.4(h) of the Franchise Agreement). If Franchisor provides additional assistance, Franchisor must agree in advance on the On-site Assistance Fee Franchisee will pay and the length of the visit. (See ITEM 6).

9. In Franchisor's discretion and when it deems appropriate, establishing and managing one or more marketing cooperatives (See Section 7.4(i) and Section 12 of the Franchise Agreement).

Franchisor reserves the right, in its discretion, to delegate some or all of its pre-opening and continuing obligations under the Franchise Agreement to another designee. Except as listed above, Franchisor does not provide any additional assistance to Franchisee.

## **Site Selection**

Franchisee is completely responsible for finding a site and negotiating a lease that satisfies all the standards necessary to operate the Picklr Franchise. Franchisor will consult with Franchisee on Franchisor's current site selection guidelines and provide other site selection counseling, as Franchisor deems advisable. Franchisee must select the site for its Picklr Franchise subject to Franchisor's authorization. Franchisee must submit to Franchisor, in the form Franchisor specifies, a description of the site, together with other information, including but not limited to population density information, census data, demographic and income characteristics, proximity of the proposed location to other Picklr Franchisees. Franchisee must obtain site authorization from Franchisor within 180 days of signing the Franchise Agreement. Franchisee

must purchase or lease, at its expense, the site for Picklr Franchise within 60 days after Franchisee's review and authorization of the site. Franchisee must submit for Franchisor's review and authorization any sale or lease contract before Franchisee signs it. Franchisor may terminate the Franchise Agreement if the parties cannot agree on a site within 6 months of the date of the Franchise Agreement.

Franchisee may not relocate Picklr Franchise without Franchisor's prior written authorization.

### **Schedule for Opening**

Franchisor estimates that the typical length of time between the signing of the Franchise Agreement and the opening of a Picklr Franchise is 9 to 12 months. Some factors which may affect this timing are Franchisee's ability to acquire a Picklr Facility through lease or purchase negotiations, Franchisee's ability to secure any necessary financing, Franchisee's ability to comply with local zoning and other ordinances, Franchisee's ability to obtain any necessary permits and certifications and the time to convert, renovate or build the Picklr Facility. Franchisee must open its Picklr Franchise on or before the projected opening date ("**Projected Opening Date**") set forth on **Attachment A** to the Franchise Agreement, but in no event more than 10 months from the date Franchisee signs a lease for the Picklr Facility. Unless Franchisor agrees to extend Franchisee's Projected Opening Date, which Franchisor may choose to do or not do in its discretion, Franchisee's failure to open its Picklr Franchise on or before the Projected Opening Date will constitute a default of Franchisee's Franchise Agreement and allow Franchisor to terminate Franchisee's Franchise Agreement. Notwithstanding the foregoing, if Franchisee, or its affiliate, has entered into a Multi-Unit Development Agreement stating a Development Schedule, the terms of the Development Schedule will govern the development deadlines for each Picklr Franchise.

Franchisee must comply with all applicable ordinances, building codes and permit requirements and with lease requirements and restrictions. Franchisee must obtain all required licenses and permits at least 30 days prior to the Projected Opening Date. If Franchisee does not obtain all required licenses, permits, and certifications within 12 months of executing the Franchise Agreement, Franchisor may terminate the Franchise Agreement and, subject to the terms of the Franchise Agreement, retain all fees and other consideration paid by Franchisee. (See ITEM 5).

Franchisor reserves the right to require Franchisee to comply with reasonable restrictions on maximum and minimum prices (to the extent permitted by applicable law) of specific Products or Services offered and sold by the Picklr Franchise as required in the Operations Manual or as Franchisor otherwise reasonably directs in writing from time to time.

Franchisee may not open its Picklr Franchise until: (1) Franchisor notifies Franchisee in writing that all of its pre-opening obligations have been fulfilled; (2) Initial Training Program is completed to Franchisor's satisfaction; (3) all amounts due to Franchisor have been paid; (4) Franchisor has been furnished with copies of all insurance policies and certificates required by the Franchise Agreement or other documentation of insurance coverage and payment of premiums that Franchisor requests; (5) Franchisee notifies Franchisor that all approvals and conditions set forth in the Franchise Agreement and the Operations Manual have been met; (6) Franchisee has received all required permits and licenses; (7) Franchisee has provided Franchisor with a fully executed copy of the Lease for the Picklr Facility; and (8) Franchisee has ordered, received and installed its equipment, supplies, uniforms, tools, products, inventory and Computer System (defined below). Franchisee must be prepared to begin operating its Picklr Franchise immediately after Franchisor states in writing that Franchisee's Picklr Franchise is ready for opening.

## Training

Before the opening of Franchisee's Picklr Franchise, Franchisor provides an initial training program ("**Initial Training Program**"), on an as needed basis, lasting up to seven business days. The Initial Training Program is usually conducted at Franchisor's Affiliate-owned Kaysville, Utah location but the training course may be held elsewhere in Franchisor's discretion. Franchisee must satisfactorily complete the Initial Training Program no later than 15 days prior to Franchisee's grand opening of the Picklr Franchise.

Under the Franchise Agreement, before Franchisee begins operating its Picklr Franchise, up to two persons must attend and successfully complete to Franchisor's satisfaction its Initial Training Program. Franchisor reserves the right to designate the specific person or persons who must attend the Initial Training Program. There is no additional charge for the Initial Training Program for these two people.

If Franchisee is not actively involved in the day-to-day operations of the business, or Franchisee is a Multi-Unit Developer, Franchisee may be required by Franchisor to hire a business manager and that business manager will be required to attend Franchisor's Initial Training Program. If the business manager leaves Franchisee's Picklr Franchise for whatever reason, Franchisee may be required to send the successor business manager to Initial Training Program. Franchisee may be charged a training fee for Franchisee's replacement business manager and the costs for airfare, ground transportation, lodging, meals, personal expenses, and Franchisee's replacement business manager's wages and compensation must be paid by Franchisee during training.

Other than the Initial Franchise Fee, there is no additional fee for the Initial Training Program for up to two people. If Franchisee desires to have more than two people attend the Initial Training Program there will be a \$1,000 per person training fee for each additional person. Franchisor does not pay any employee wages and compensation, travel expenses, lodging, meals, ground transportation or other personal expenses for any person attending the Initial Training Program. The Initial Training Program will be held after a Franchise Agreement has been executed, and before The Picklr Facility is opened for business.

Franchisor's Initial Training Program consists of up to seven calendar days of training as follows:

### THE PICKLR INITIAL TRAINING PROGRAM

SUBJECT	HOURS OF CLASSROOM TRAINING	HOURS OF ON-THE- JOB TRAINING	LOCATION
General Facility Training	2 to 5 hours	5 to 10 hours	Kaysville, UT, or another location designated by Franchisor
Picklr Pickleball Programs	2 to 5 hours	5 to 10 hours	Kaysville, UT, or another location designated by Franchisor
Instructor Certification Course	3 to 6 hours	6 to 12 hours	Kaysville, UT, or another location designated by Franchisor

Picklr Pro Shop Training	1 to 2 hours	2 to 4 hours	Kaysville, UT, or another location designated by Franchisor
Onboard	0	One Week	Franchisee Location

Franchisor provides a minimum of 8 to 18 hours of classroom training in Franchisor's company offices, and approximately 40 hours of additional training at Franchisee's Picklr Facility. Training is conducted by: Whitney Jorgensen who has 2 years of relevant experience; whose background is outlined in Item 2 and has 2 years of relevant experience who has 2 years relevant experience; and Peniamina Mobley who has 2 years of relevant experience.

If Franchisee is opening its second or subsequent Picklr Franchise, Franchisor reserves the right to reduce the Initial Training Program and onsite opening assistance.

If Franchisee is purchasing a Picklr Franchise from an existing Picklr franchisee, a portion of Franchisee's training may be conducted by the existing franchisee on Franchisor's behalf and in Franchisor's discretion. This training will generally be conducted within two weeks before the transfer of the Picklr Franchise to Franchisee, and two weeks after the transfer. If this is Franchisee's second or subsequent Picklr Franchise, Franchisor may waive training requirements in its discretion.

The entire training program is subject to change due to updates in materials, methods, manuals and personnel without notice to Franchisee. The subjects and time periods allocated to the subjects actually taught to a specific franchisee and its personnel may vary based on the individual needs and/or experience of those persons being trained.

Franchisor reserves the right to conduct additional training or re-training workshops, seminars and other related activities regarding the operation of the Picklr Franchise. These additional training programs may be offered to Franchisee or Franchisee's business manager, and/or other Picklr Franchise personnel generally, and Franchisor may designate that certain training programs and seminars are mandatory. Franchisor may charge a fee to attend. Franchisee will pay for all of the expenses incurred by its trainees, including travel, lodging, meals and wages.

Franchisor may choose to hold a mandatory annual conference of Picklr franchisees to provide additional training, introduce new products or changes to the franchise system, or for other reasons. Franchisor may designate that attendance at an annual meeting is mandatory for Franchisee or Franchisee's business manager, and/or other Picklr Franchise personnel. Franchisee will pay a conference fee, currently set at \$1,000, and all of the expenses incurred by Franchisee and anyone who attends the conference with Franchisee, including employee wages and compensation, travel, lodging, and meals. Franchisor will designate the location of any franchisee conference. Franchisor anticipates that attendance at a franchisee conference will not last longer than three consecutive days in any calendar year.

## Advertising Programs

For the period beginning 90 days before Franchisee opens its Picklr Franchise and continuing through the first 60 days after Franchisee opens its Picklr Franchise, Franchisee must spend between \$25,000 and \$35,000 on advertising, social media, promotions and public relations efforts including conducting grand opening events.

### *Local Advertising Fund*

Franchisee will pay to Franchisor the greater 1% of its total Gross Sales or \$1,500 ("**Local Fund**") for marketing purposes in the area immediately surrounding Franchisee's Picklr Franchise. The Local Fund

will be used by Franchisor for local advertising, to be selected and placed by Franchisor. These funds are reserved only for marketing, promotions and advertising of the Picklr Franchise. Franchisor may increase Franchisee's for the Local Fund upon prior notice to Franchisee.

#### *Local Advertising Cooperative*

A Local Advertising Cooperative has not yet been established. If Franchisor establishes a Cooperative for Franchisee's area, Franchisee must contribute to the Cooperative the amounts required by its governing documents. Both the franchisees and the Franchisor-owned units have equal calculations for the contribution requirement. However, Franchisee will not be required to contribute more than 2% of Franchisee's Gross Sales during any quarter to the Cooperative. All contributions to the Cooperative will be maintained and administered in accordance with the documents governing the Cooperative. The Cooperative will be operated solely as a conduit for collecting and spending cooperative fees for the purposes outlined above. The Cooperative may not use any advertising or promotional plans or materials without Franchisor's prior approval. Franchisor will have an accounting of the Local Advertising Cooperative funds prepared each year and provide a copy upon Franchisee's reasonable, written request.

#### *National Marketing Fee*

Under the Franchise Agreement, Franchisee must pay Franchisor a national marketing and advertising fee ("**National Marketing Fee**") of 2% of Franchisee's Gross Sales. Franchisee must pay the National Marketing Fee at the same time that Franchisee pays its Royalty, based on the amount of Gross Sales Franchisee generated in the previous reporting period. Franchisor may, at its discretion, increase the National Marketing Fee up to 0.1% in any 12-month period, up to a maximum of 1% of Gross Sales, unless the franchise advisory council (if formed) consents to a higher increase. The Picklr Clubs will pay a National Marketing Fee at the same percentage rate as franchisees. Franchisor will deposit the National Marketing Fees in a separate bank account, commercial account or savings account ("**National Marketing Fund**"). The National Marketing Fund will be administered by Franchisor, in its discretion, and Franchisor may use a professional advertising agency or media buyer to assist Franchisor. Franchisee's contribution to the National Marketing Fund will be in addition to all other advertising fees set out in this ITEM 11.

Franchisor may reimburse itself, its authorized representatives or its Affiliates from the National Marketing Fund for administrative costs, independent audits, reasonable accounting, bookkeeping, reporting and legal expenses, taxes and all other reasonable direct or indirect expenses that may be incurred by Franchisor or its authorized representatives and associated with the programs funded by the National Marketing Fund. Franchisor assumes no other direct or indirect liability or obligation to collect amounts due to the National Marketing Fund or to maintain, direct or administer the National Marketing Fund. Any unused funds in any calendar year will be applied to the following year's funds, and Franchisor reserves the right to contribute or loan additional funds to the National Marketing Fund on any terms it deems reasonable. Since Franchisor does not have the National Marketing Fund audited, audited financial statements are not available to franchisees. Upon written reasonable request, Franchisor will make available to Franchisee an annual accounting for the National Marketing Fund that shows how the National Marketing and Promotions Fund proceeds have been spent for the previous year.

Franchisor may use the National Marketing Fund for the creation, production and placement of commercial advertising; agency costs and commissions; creation and production of video, audio and written advertisements; administering multi-regional advertising programs, direct mail and other media advertising; in-house staff assistance and related administrative costs; local and regional promotions; engaging one or more public relations firms or conducting Franchisor's own public relations campaigns; market research; social media; website development and other advertising and marketing activities, including participating at trade shows. Advertising may be placed in local, regional or national media of Franchisor's choice, including print, direct mail, radio or television. Franchisor does not guarantee that



advertising expenditures from the National Marketing Fund will benefit Franchisee or any other franchisee directly, on a pro rata basis, or at all.

Franchisor collected \$2,000 in National Marketing Fees during 2023. Franchisor will not use National Marketing Fund monies to solicit franchisees in its current fiscal year. Neither Franchisor Affiliates nor Franchisor received payments for providing goods or services to the National Marketing Fund, except for reimbursement of expenses as described above.

Except as described above, Franchisor is not obligated to spend any amount on advertising in the geographical area where Franchisee is or will be located.

There is no advertising council composed of franchisees that advises the Franchisor on advertising policies.

#### *Marketing Resources, Pre-Approvals for Marketing Materials, and Internet Marketing*

Franchisee will order sales and marketing material from Franchisor or its affiliate or, at its discretion, a designated supplier. It is a material breach of the Franchise Agreement to use other marketing materials without obtaining Franchisor's prior written approval. If Franchisee desires to use its own advertising materials it must obtain Franchisor's prior approval, which may be granted or denied in its discretion. Franchisor will review Franchisee's request and Franchisor will respond in writing within 30 days from the date it receives all requested information. Franchisor's failure to notify Franchisee in the specified time frame will be deemed a disapproval of Franchisee's request. Use of logos, Marks and other name identification materials must be consistent with Franchised authorized standards. Franchisee may not use Franchisor's logos, Marks and other name identification materials on Products to be sold or Services to be provided without Franchisor's prior written approval. If Franchisor authorizes promotional Products or Services that will be sold in the Picklr Franchise, those Products or Services must be included in Franchisee's Gross Sales and will be subject to Royalties, Local Fund and the National Marketing Fees.

Franchisor retains the sole right to market on the Internet, including all use of websites, domain names, URL's, linking, advertising, social media of any kind and in any form, and co-branding arrangements. Franchisee may not independently market on the Internet, or use any domain name, address, locator, link, metatag, or search technique, with words or symbols similar to the Marks. Franchisor intends that any franchisee website be accessed only through Franchisor's home page. Franchisee will provide Franchisor content for Franchisor's Internet marketing. Franchisor retains the right to authorize any linking, social media or other use of Franchisor's website.

#### **Software and Computer Equipment**

Franchisor reserves the right to have independent access to information on Franchisee's Computer System. Franchisee must purchase and use computer hardware and software ("**Computer System**") that meets Franchisor's standards as stated in the Operating Manual. Franchisor will provide Franchisee the supplier(s) and the specifications necessary for its purchase. Franchisee must update its Computer System, at its expense, as Franchisor may require periodically to meet Franchisor's specifications as prescribed in the Operations Manual as they evolve. (See ITEM 8).

The estimated cost of installation and implementation for the Computer System is \$1,000 to \$5,000. Franchisor has no contractual obligation to provide Franchisee with support services, maintenance, repairs, upgrades, or updates.

Franchisee must have sufficient computer skills to be able to operate its Computer System and to access e-mail and the Internet. Franchisee must have access to the Internet and maintain an email account

that allows Franchisor to communicate with Franchisee on a regular basis. Franchisee must check its email account at least once every day.

Franchisee is solely responsible for protecting itself from viruses, computer hackers, and other communications and computer-related problems. Franchisor is not and will not be liable and Franchisee may not take legal action against Franchisor for any harm caused by these communications and computer-related problems.

## **ITEM 12 TERRITORY**

### **Single Unit Franchise Agreement**

Franchisee will be granted the right to operate a Picklr Facility from a location Franchisor has authorized. Franchisee will be granted a protected territory in which to operate the Picklr Franchise or to sell the Products and Services Franchisee is authorized to sell by the Franchise Agreement by the zip codes designated to Franchisee. The protected territory will vary based upon population density, demographics and other similar factors. If Franchisee wishes to relocate the Picklr Facility, the proposed new site must meet the then-current site selection guidelines and be authorized by Franchisor. Franchisee will not receive an exclusive territory. Franchisee may face competition from other franchisees, from outlets that Franchisor owns, or from other channels of distribution or competitive brands that Franchisor controls.

If an additional Picklr Franchise is determined necessary by the Franchisor to properly service the area around the Franchisee's Picklr Franchise, Franchisor will provide Franchisee with an opportunity to develop an additional Picklr Facility adjacent to Franchisee's then-current Picklr Facility. If Franchisee declines to develop further Picklr Franchises, Franchisor, its Affiliates or other Picklr franchisees may develop additional Picklr Facilities adjacent to the Franchisee's Picklr Facility. Other than as stated above, Franchisee does not have any rights of first refusal on any further sites.

Customers from Franchisee's Picklr Facility may purchase Services and Products from Franchisor and its Affiliates or designees over the Internet, or in other reserved channels of distribution. Franchisor is not obligated to compensate Franchisee for soliciting or accepting orders from Franchisee's customers.

Franchisee does not need to satisfy any sales quota or market penetration to maintain its rights to its Picklr Franchise. There are no restrictions on Franchisor regarding granting franchised outlets for similar or competitive business adjacent to Franchisee's Picklr Facility.

Franchisor reserves the right, among others, to own, franchise, license or use the Marks and franchise system to operate Picklr Franchises at any location, regardless of the proximity to Franchisee's Picklr Franchise.

Franchisor reserves the right, among others, to use, franchise and/or license the use of other proprietary and non-proprietary marks which are not the same as or confusingly similar to the Marks, whether in alternative channels of distribution or in the operation of a business offering memberships to indoor pickleball facilities or the sale of related products and services, including adjacent to Franchisee's Picklr Facility, which may be similar to or different from the business operated by Franchisee.

Franchisor reserves the right, among others, to use, license and/or franchise the Marks and the franchise system in connection with the provision of other services and products or in alternative channels of distribution in any location, including adjacent to Franchisee's Picklr Facility.

Franchisor retains the sole right to market on the Internet and use the Marks on the Internet, including all use of websites, domain names, URL's, directory addresses, metatags, linking, advertising, social media in any form, and co-branding and other arrangements.

Franchisor reserves the right, among others, to purchase or be purchased by, or merge or combine with, any business, including a business that competes directly with Franchisee's Picklr Franchise, wherever located.

Franchisor reserves the right, among others, to acquire and convert to the franchise system any businesses offering services and products similar to Franchisors, including such businesses operated by competitors or otherwise operated independently or as part of, or in association with, any other system or chain, whether franchised or corporately owned and whether located adjacent to Franchisee's Picklr Facility.

Franchisor reserves the right, among others, to implement multi-area marketing programs which may allow Franchisor or others to solicit or sell to customers anywhere. Franchisor also reserves the right to issue mandatory policies to coordinate these multi-area marketing programs.

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

Franchisee may purchase Multi-Unit Development rights to open and operate three or more Picklr Franchises. If you purchase Multi-Unit Development rights for Picklr Franchises, Franchisee will be granted a territory ("**Development Territory**") in which Franchisee's Picklr Franchises must be established during implementation of the development schedule. Multi-Unit Developers will receive an exclusive Development Territory for so long as its Multi-Unit Development Agreement remains in place. Multi-Unit Developer may face competition from other franchisees, from outlets that Franchisor or its Affiliates own, or from other channels of distribution or competitive brands Franchisor controls. Franchisee's Development Territory will be determined by the population density and other related factors. When and if Franchisee's Development Schedule has been timely satisfied, Franchisee will no longer have the entire Development Territory and each Picklr Franchise will be limited to the zip codes applicable to the location of the Picklr Facility. Franchisee will not receive rights of first refusal to acquire additional franchises, except as otherwise stated in the Development Agreement for the Franchise Agreement.

During the term of the Multi-Unit Development Agreement, Franchisor does not have the right to establish its own, or to grant to others the right to establish, Picklr Franchises within the Development Territory; however, Franchisor reserves the right to sell Products and Services, under the Marks or any other marks, through any other channels of distribution.

While preservation of a Development Territory is not contingent upon sales volume, if a Multi-Unit Developer does not meet its Development Schedule, grounds for default exist. Loss of exclusivity in the Development Territory could then result as Franchisor may elect, in its discretion, to terminate the Multi-Unit Development Agreement, reduce or eliminate the territorial exclusivity, or reduce the size of the Development Territory.

Unless a renewal of the Multi-Unit Development Agreement and an extension of the Development Schedule are negotiated by the parties, the Multi-Unit Developer will no longer have a Development Territory upon the expiration or termination of the Multi-Unit Development Agreement.

### **ITEM 13 TRADEMARKS**

The Franchise Agreement grants Franchisee the nonexclusive right to use Franchisor's Marks, including the service mark "THE PICKLR" and various designs and logo types associated with Franchisor's

Products and Services. Franchisee may also use Franchisor's other current or future Marks as Franchisor may designate to operate Franchisee's Picklr Franchise.

Picklr, L.L.C., a Utah limited liability company, owns and licenses the Marks to Franchisor under a non-exclusive License Agreement for purposes of franchising Picklr Franchises. The term of the license is for 10-year consecutive terms, commencing March 1, 2023. The license agreement cannot be modified or terminated except by mutual agreement of the parties.

Picklr, L.L.C. owns the federal trademark registration for the following marks on the Supplemental Register of the U.S. Patent and Trademark Office ("USPTO"):

Mark	Registration Date	Registration Number	Status
THE PICKLR	1/16/2024	7281393	Registered on Supplemental Register
THE PICKLR SHOP	1/23/2024	7290508	Registered on Supplemental Register

In addition to the Marks in the table immediately above, the Picklr, L.L.C. has filed applications for the following marks with the USPTO:

Mark	Registration or Filing Date	Application or Registration Number	Status
Best of the Best	10/30/2023	98246281	Pending
Connect.Dink.Compete	10/30/2023	98246366	Pending
Next Level Academy	10/30/2023	98246360	Pending
The Picklr Shop B&W Service mark	10/31/2023	98247674	Pending
The Picklr B&W service Mark	10/31/2023	98247682	Pending
The Picklr wordmark	10/30/2023	98246341	Pending
The Picklr Shop wordmark	10/30/2023	98246352	Pending

Franchisor may also use a number of unregistered, common law trademarks. Franchisee must follow Franchisor's rules when Franchisee uses Franchisor's Mark(s). Franchisee may not use any of the Mark(s) alone or with modifying words, designs or symbols as part of a corporate or business name or in any form on the Internet, including but not limited to URLs, domain names, e-mail addresses, locators, links, metatags or search techniques. Franchisee must get Franchisor's prior written approval of Franchisee's company name before Franchisee files any registration documents. Franchisee must indicate,

as required in the Franchise Agreement and specified in the Operations Manual, that Franchisee is an independent operator. Guidelines regarding proper trademark use and notices are in the Operations Manual and will be updated periodically in Franchisor's discretion. Franchisee may not use Franchisor's Mark(s) with an unauthorized product or service, or in a manner not authorized in writing by Franchisor.

There are no currently effective material determinations of the USPTO, the Trademark Trial and Appeal Board, the trademark administrator of any state or any court, any pending infringement, opposition or cancellation proceedings or any pending material litigation involving any of Franchisor's Mark(s) which are relevant to the use of these Mark(s). No currently effective litigation affects Franchisor's use or ownership rights in any Mark. No currently effective agreement limits Franchisor's rights to use or license the use of its Mark(s).

Franchisee must notify Franchisor within three calendar days after Franchisee's learns about an infringement of or challenge to its use of Franchisor's Mark(s). Franchisor may take the action necessary, at its discretion, to prevent the unauthorized use of its Mark(s). Franchisor is not obligated to protect Franchisee's rights to use the trademark or protect Franchisee against any claims of infringement or unfair competition arising out of Franchisee's use of the Mark(s). Franchisor will have no obligation to defend or indemnify Franchisee if a claim against Franchisee relates to its use of the Mark(s) in violation of the Franchise Agreement. Nor will Franchisee have the right to make any demand or to prosecute any claim against the alleged infringer for the infringement, unless Franchisor decides to join Franchisee in such action at Franchisor's discretion. In such cases, Franchisor shall bear all Franchisee's out-of-pocket expenses for such participation.

Franchisor will control any litigation or proceedings.

Franchisee must modify or discontinue the use of a Mark if Franchisor modifies or discontinues the Mark. If this happens, Franchisee will be required to comply transitioning to the new mark. Franchisee must not directly or indirectly contest Franchisor's right to its trademarks, trade secrets or business techniques that are part of Franchisor's business. Franchisor does not have to compensate Franchisee for any costs Franchisee incurs to make the changes Franchisor required.

Franchisor does not know of any infringing uses that could materially affect Franchisee's use of Franchisor's Mark(s). Franchisee should understand that there could be other businesses using trademarks, trade names, or other commercial symbols similar to Franchisor's Mark(s) with superior rights to Franchisor's rights.

## **ITEM 14**

### **PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION**

The information contained in the Operations Manual is proprietary and is protected by copyright and other laws. The Operations Manual and the limitations of the use of it by Franchisee and its employees are described in ITEM 11 and Sections 7, 8 and 11 of the Franchise Agreement. The designs contained in the Mark(s), the layout of Franchisor's advertising materials, the content and format of Franchisor's Products and Services, as well as any other writings, recordings in print or electronic form are also protected by copyright and other laws. Although Franchisor has not filed an application for copyright registration for the Operations Manual, the Mark(s), the advertising materials, the content and format of Franchisor's Products and Services, or any other writings and recordings, it claims common law and federal copyrights in these items. Franchisor grants Franchisee the right to use this proprietary and copyrighted information ("**Copyrighted Works**") in connection with Franchisee's operation of its Picklr Franchise, but these copyrights remain Franchisor's sole property.

There are currently no effective determinations of the United States Copyright Office or any court regarding any Copyrighted Works of Franchisors, nor are any proceedings pending, nor are there any

currently effective agreements between Franchisor and third parties pertaining to the Copyrighted Works that will or may significantly limit Franchisee's use of Franchisor's Copyrighted Works. Franchisor does not know of any superior prior rights or infringing uses that could materially affect Franchisee's use of the copyrighted materials. If Franchisor requires, Franchisee must immediately modify or discontinue using the copyrighted materials. Neither Franchisor nor its Affiliates will have any obligation to reimburse Franchisee for any expenditures it makes because of any discontinuance or modification.

Franchisor's Operations Manual, electronic information and communications, sales and promotional materials, the development and use of Franchisor's system, standards, specifications, policies, procedures, information, concepts and systems on, knowledge of and experience in the development, operation and franchising of Picklr Franchises, formulations for and packaging of Products, and training and safety techniques used to provide Services sold at Picklr Franchises, information concerning Product and Service sales, operating results, financial performance and other financial data of Picklr Franchises and other related materials are proprietary and confidential ("**Confidential Information**") and are considered to be Franchisor's property to be used by Franchisee only as described in the Franchise Agreement or the Operations Manual. Where appropriate, certain information has also been identified as trade secrets ("**Trade Secrets**"). Franchisee must maintain the confidentiality of Franchisor's Confidential Information and Trade Secrets and adopt reasonable procedures to prevent unauthorized disclosure of Franchisor's Trade Secrets and Confidential Information.

Franchisor will disclose parts of the Confidential Information and Trade Secrets to Franchisee as Franchisor deems necessary or advisable for the development of the Picklr Franchise during training and in guidance and assistance furnished to Franchisee under the Franchise Agreement, and Franchisee may learn or obtain from Franchisor additional Confidential Information and Trade Secrets during the term of the Franchise Agreement. The Confidential Information and Trade Secrets are valuable assets of Franchisors and are disclosed to Franchisee on the condition that Franchisee, and its owners, if Franchisee is a business entity, and employees agree to maintain the information in confidence by entering into a confidentiality agreement that Franchisor can enforce. Nothing contained in the Franchise Agreement will be construed to prohibit Franchisee from using the Confidential Information or Trade Secrets in the operation of other Picklr Franchise during the term of the Franchise Agreement.

Franchisee must notify Franchisor within three calendar days after Franchisee learns about another's use of language, a visual image, or a recording of any kind, that Franchisee perceives to be identical or substantially similar to one of Franchisor's Copyrighted Works or use of Franchisor's Confidential Information or Trade Secrets or if someone challenges Franchisee's use of Franchisor's Copyrighted Works, Confidential Information or Trade Secrets. Franchisor will take whatever action it deems appropriate, in its discretion, to protect Franchisor's rights in and to the Copyrighted Works, Confidential Information or Trade Secrets, which may include payment of costs associated with the action. However, the Franchise Agreement does not require Franchisor to take affirmative action in response to any apparent infringement of or challenge to Franchisee's use of any Copyrighted Works, Confidential Information or Trade Secrets or claim by any person of any rights in any Copyrighted Works, Confidential Information or Trade Secrets. Franchisee must not directly or indirectly contest Franchisor's rights to any of its Copyrighted Works, Confidential Information or Trade Secrets. Franchisee may not communicate with anyone except Franchisor and its counsel with respect to any infringement, challenge or claim. Franchisor will have discretion to take action as it deems appropriate regarding any infringement, challenge or claim, and the sole right to control exclusively any litigation or other proceeding arising out of any infringement, challenge or claim under any Copyrighted Works, Confidential Information or Trade Secrets. Franchisee must sign any and all instruments and documents, give the assistance, and do acts and things that may, in the opinion of Franchisor's counsel, be necessary to protect and maintain Franchisor's interests in any litigation or proceeding or to protect and maintain Franchisor's interests in the Copyrighted Works, Confidential Information or Trade Secrets.

No patents are material to Franchisor at this time, although it reserves the right to file patents on its designs.

Franchisor has the right to inspect, copy and use all records (“**Business Record**”) with respect to the customers, suppliers, and other services providers of, and related in any way to Franchisee’s Picklr Franchise. This includes, without limitation, all databases (whether in print, electronic, or other form), including, among other things, all names, addresses, phone numbers, e-mail addresses, and customer purchase records. Franchisor may use or transfer the Business Records in any way it wishes, both before and after any termination, expiration, repurchase, transfer or otherwise. Franchisor may contact any or all of Franchisee’s customers, suppliers, and other service providers for quality control, market research, and such other purposes, as Franchisor deems appropriate, at its discretion.

Franchisee must disclose to Franchisor all ideas, techniques and products concerning the development and operation of Picklr Franchise that Franchisee, its business manager or its employees conceive or develop during the term of the Franchise Agreement. Franchisee must grant to Franchisor and agree to obtain from Franchisor’s owners, business manager or employees a perpetual, non-exclusive and worldwide right to use these ideas, techniques and products concerning the development and operation of Picklr Franchise that Franchisee, its business manager or its employees conceive or develop during the term of the Franchise Agreement in all Picklr Franchises that Franchisee operates. Franchisor will have no obligation to make any lump sum or on-going payments to Franchisee with respect to any idea, concept, method, technique or product. Franchisee must agree that it will not use nor will it allow any other person or entity to use any of these ideas, techniques or products without obtaining Franchisor’s prior written approval.

#### **ITEM 15**

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

Franchisee or its business manager must provide direct, on-site supervision of Franchisee’s Picklr Franchise. Franchisee or its business manager must also directly supervise Franchisee’s Multi-Unit Developer obligations, if any. Franchisee’s business manager does not have to own any beneficial interest in a business entity that owns the Picklr Franchise.

At Franchisor’s discretion, it may require Franchisee to designate a business manager to act as the operating manager for the Picklr Franchise and/or directly supervise the operations of Franchisee’s obligations as a Multi-Unit Developer. Franchisor must authorize the selection of the business manager before signing the Franchise Agreement and/or Multi-Unit Development Agreement. Franchisee’s business manager must attend and successfully complete the initial training program and must abide by the obligations in the Operations Manual, the Franchise Agreement and, if applicable, the Multi-Unit Development Agreement. Franchisee’s business manager must agree to assume Franchisee’s confidentiality and non-competition obligations (See **Attachment B** to the Franchise Agreement).

If Franchisee is a legal or business entity, each individual who owns, directly or indirectly, a 5% or greater interest in Franchisee entity must sign the Guaranty and Assumption of Franchisee’s Obligations assuming and agreeing to discharge all of Franchisee’s obligations and comply with all restrictions under the Franchise Agreement (See **Attachment B** to the Franchise Agreement and Franchisor’s Nondisclosure and Noncompetition Agreement attached to this Franchise Disclosure Document as **Exhibit H**); (See **Attachment C** to the Multi-Unit Development Agreement).

## ITEM 16 RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

Franchisee must refrain from using or permitting the use of its Picklr Franchise for any other purpose or activity at any time without first obtaining Franchisor's written consent.

Unless Franchisor provides prior written approval otherwise, Franchisee must sell or offer for sale only those Services and Products which are authorized by Franchisor and which meet Franchisor's standards and specifications. Franchisee must follow Franchisor's policies, procedures, methods, and techniques. Unless Franchisor provides prior written approval otherwise, Franchisee must sell or offer for sale all types of Services and Products specified by Franchisor. Franchisor may change or add to its required Services and Products at its discretion with prior notice to Franchisee. Franchisee must discontinue selling and offering for sale any Services or Products which Franchisor may, in its discretion, disapprove in writing at any time. Franchisor reserves the right to establish maximum resale prices for use with multi-area marketing programs and special price promotions.

## ITEM 17 RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

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

### THE FRANCHISE RELATIONSHIP

Provision	Section in Franchise Agreement	Summary
a. Length of the Franchise term	Section 3	10 years.
b. Renewal or extension of the term	Section 3	Franchisee's successor franchise right permits Franchisee to remain as a Franchise after the initial term of its Franchise Agreement expires. If Franchisee wishes to do so, and Franchisee satisfies the pre-conditions to obtaining a Successor Franchise, Franchisor will offer Franchisee the right to obtain 2 additional consecutive terms of 5 years each.
c. Requirements for Franchisee to renew or extend	Section 3	Franchisee must sign Franchisor's then-current Franchise Agreement (" <b>Successor Franchise Agreement</b> ") for the Successor Term, and this new Successor Franchise Agreement may have materially different terms and conditions from the Franchise Agreement that covered Franchisee's original term; be current in all payments to Franchisor and any other payments material to the Business, sign the required release, pay Successor Franchise Fee.
d. Termination by Franchisee	Not Applicable	Not Applicable
e. Termination by Franchisor without cause	Not Applicable	Not Applicable



<b>Provision</b>	<b>Section in Franchise Agreement</b>	<b>Summary</b>
f. Termination by Franchisor with cause	Section 18	Franchisor can terminate upon certain violations of the Franchise Agreement by Franchisee.
g. “Cause” defined - defaults which can be cured	Section 18.2	Franchisee has 30 days to cure: failure to maintain operating procedures and standards; failure to obtain Franchisor’s prior written approval as required by the Franchise Agreement; failure to comply with requirements of the Operations Manual; default under any Lease term of the Picklr Facility or any other premises used to operate the Picklr Franchise, any other franchise agreement with Franchisor or any agreement material to the Picklr Franchise; failure to submit required reports when due to Franchisor; failure to accurately report to Franchisor required information; failure to comply with any provision of the Franchise Agreement or any specification, standard or operating procedure as prescribed in the Operations Manual and Franchisee does not correct the failure within specified period of time after receipt of written notice from Franchisor.
h. “Cause” defined – non-curable defaults	Section 18.1	Non-curable defaults: failure to open on or before Franchisee’s Projected Opening Date; unauthorized disclosure of any part of the Operations Manual, Confidential Information or Trade Secrets; abandonment of the Picklr Franchise for five consecutive days or any shorter period that indicates an intent to discontinue operation of the Picklr Franchise, unless due to causes beyond Franchisee’s control; Franchisee is declared bankrupt or insolvent; Franchisee has a material judgment or judgments against Franchisee that remains unsatisfied or of record for 30 days or longer, execution is levied against the Picklr Franchise, or the real or personal property of the Picklr Franchise shall be sold after levy by a sheriff; Franchisee, Franchisee’s business manager, or any owner of greater than 10% of Franchisee’s Franchisee entity is charged or convicted of a felony charge, a crime involving moral turpitude, a crime against a child, or any other crime or charge that may materially and unfavorably affect the franchise system, Marks, goodwill or reputation thereof; failure to pay amounts due to Franchisor or its Affiliates within 10 days after receipt of notice that amounts are overdue; failure to correct misuse or failure to follow Franchisor’s guidelines concerning use of the Marks after notification from Franchisor; receipt of two notices of default under the Franchise Agreement within a 12 month period whether or not such failure to comply is corrected; unauthorized sale, transfer or assignment of the Picklr Franchise or an interest therein, the Franchise Agreement or a portion of the assets of the Picklr Franchise; understatement by more than 2% of Franchisee’s Gross Sales on two or more occasions during the Term unless

Provision	Section in Franchise Agreement	Summary
		Franchisee can demonstrate such understatement were from inadvertent error; failure to submit any required information or late submission on two or more occasions during the Term or any Successor Term; the sale or offer for sale of any unauthorized merchandise, product or service, engagement in unauthorized business or sale of unauthorized products or services under the Marks or a name or mark that is confusingly similar to the Marks; Franchisee fails any safety inspection related to operation of equipment and fail to cure accordingly; Franchisee contests in court or any proceeding the validity of or Franchisor's ownership of the Marks or copyrighted materials; an action to merge, consolidate, dissolve or liquidate its Picklr Franchise business entity without Franchisor's prior written consent; failure to successfully complete any mandatory training or re-training course; receipt during the Term or any Successor Term of three or more notices of default from Franchisor whether or not such defaults were corrected; any misrepresentation under Section 1.9 of the Franchise Agreement or violation of Anti-Terrorism Laws by Franchisee, Franchisee's business manager, or Franchisee's owners, officers, directors, managers, members, partners, agents or employees; Franchisee fails to make any payment to Franchisee's landlord and Franchisor is required under the lease guaranty to make such payment.
i. Franchisee's obligations on termination/non-renewal	Sections 11, 13, 15 & 18	Franchisee's obligations include complete de-identification, payment of amounts due and return of the Operations Manual, all Confidential Information, Trade Secrets and records.
j. Assignment of contract by Franchisor	Section 16.1	No restriction on Franchisor's right to assign.
k. "Transfer" by Franchisee – definition	Section 16	Includes transfer of contract or assets or ownership change.
l. Franchisor's approval of transfer by Franchisee	Section 16	Franchisor has the right to authorize all transfers.
m. Conditions for Franchisor's approval of transfer	Section 16	New franchisee qualifies, Franchise Transfer Fee paid, purchase agreement authorized by Franchisor, training arranged, release signed by Franchisee and current franchise agreement signed by new franchisee.
n. Franchisor's right of first refusal to acquire Franchisee's business	Section 17	Franchisor can match any purchase offer and acquire Franchisee's business.
o. Franchisor's option to purchase Franchisee's inventory and equipment	Section 17	Franchisor may, but are not required to, purchase Franchisee's inventory and equipment at fair market value if Franchisee's Picklr Franchise is terminated for any reason.

<b>Provision</b>	<b>Section in Franchise Agreement</b>	<b>Summary</b>
p. Franchisee's death or disability	Section 16.9	Franchisee's estate or legal representative must apply to Franchisor for the right to transfer to the next of kin within 180 days of Franchisee's death or disability.
q. Non-competition covenants during the term of franchise	Section 15	Franchisee can have no involvement in a competing business.
r. Non-competition covenants after the franchise is terminated or expires	Sections 15 & 18	No competing business for 2 years within 25 miles of the Picklr Facility, within 25 miles of any of Franchisor's Affiliate owned Picklr Franchises or within 25 miles of any Picklr Clubs.
s. Modification of agreement	Sections 2.3, 3.3 & 22.10	No modifications of Franchise Agreement during term generally, but the Operations Manual subject to change in Franchisor's discretion.
t. Integration/merger clause	Section 22.5	Only the terms of the Franchise Agreement are binding (subject to state law); Any representations or promises outside of this Franchise Disclosure Document and the Franchise Agreement may not be enforceable.
u. Dispute resolution by arbitration or mediation	Section 21	Except for certain claims, all disputes must be arbitrated in Salt Lake, Utah.
v. Choice of forum	Sections 21.3 & 22.1	Litigation and arbitration must be in Salt Lake County, Utah, except as provided in a State Specific Addendum (subject to applicable state law).
w. Choice of law	Sections 21.3 & 22.1	Utah law applies, except as provided in a State Specific Addendum (subject to applicable state law).

**This table lists important provisions of the Multi-Unit Development and related agreements. Franchisee should read these provisions in the agreements attached to this Franchise Disclosure Document.**

<b>Provision</b>	<b>Section in Multi-Unit Development Agreement</b>	<b>Summary</b>
a. Length of the Multi-Unit Development Agreement	Sections 2 & 4	The term of the Multi-Unit Development Agreement will be negotiated by the parties.
b. Renewal or extension of the term	Not Applicable	
c. Requirements for Multi-Unit Developer to renew or extend	Not Applicable	
d. Termination by Multi-Unit Developer	Not Applicable	Not Applicable

<b>Provision</b>	<b>Section in Multi-Unit Development Agreement</b>	<b>Summary</b>
e. Termination by Franchisor without cause	Not Applicable	Not Applicable
f. Termination by Franchisor with cause	Section 7	Franchisor can terminate the Multi-Unit Development Agreement if Multi-Unit Developer is in default.
g. “Cause” defined – defaults which can be cured	Not Applicable	Not Applicable
h. “Cause” defined – non-curable defaults	Section 7	Non-curable defaults: failure to comply with Development Schedule; failure to comply with any obligations in the Multi-Unit Development Agreement or any Franchise Agreement; termination of Multi-Unit Developer’s authorized affiliate; Multi-Unit Developer ceases to be a franchisee in good standing; Multi-Unit Developer fails to comply with the transfer provisions.
i. Multi-Unit Developer’s obligations on termination/non-renewal	Sections 10 & 11	Confidentiality and non-competition.
j. Assignment of contract by Franchisor	Section 8.1	No restriction on Franchisor’s right to assign.
k. “Transfer” by Multi-Unit Developer – definition	Section 8.2	Includes transfer of contract or assets or ownership change.
l. Franchisor’s approval of transfer by Multi-Unit Developer	Section 8.2	Franchisor has the right to authorize all transfers
m. Conditions for Franchisor’s approval of transfer	Section 8.2	Multi-Unit Developer is current on all payments to Franchisor, Multi-Unit Developer is not in default, Multi-Unit Developer signed general release, Transfer Fee paid, transferee is authorized, transferee signs current Multi-Unit Development Agreement, etc. ( <u>See</u> also r, below).
n. Franchisor’s right of first refusal for Multi-Unit Developer’s development rights and/or ownership interest	Section 8.2(e)	Franchisor can match any bona fide offer for Multi-Unit Developer’s development rights and/or ownership interest
o. Franchisor’s option to purchase Multi-Unit Developer’s development rights and/or ownership interest	Section 8.2(e)	Franchisor may, but are not required to, purchase Franchisee’s inventory and equipment at fair market value if Franchisee’s Picklr Franchise is terminated for any reason.

<b>Provision</b>	<b>Section in Multi-Unit Development Agreement</b>	<b>Summary</b>
p. Multi-Unit Developer's death or disability	Not Applicable	Not Applicable
q. Non-competition covenants during the term of the Multi-Unit Development Agreement	Section 11	Multi-Unit Developer can have no involvement in competing business anywhere.
r. Non-competition covenants after the Multi-Unit Development Agreement is terminated or expires	Section 11.2	Multi-Unit Developer can have no involvement in competing business for two years within 25-mile radius of the Development Territory or within 25-mile radius of any Picklr Franchise owned by a franchisee, Franchisor, its Affiliates or a multi-unit developer.
s. Modification of the Multi-Unit Development Agreement	Section 12	No modifications of Multi-Development Agreement during term generally, except and only upon written agreement of the parties.
t. Integration/ merger clause	Section 12	Only the terms of the Multi-Unit Development Agreement are binding (subject to applicable state laws). Any representations or promises outside of this Franchise Disclosure Document and the Multi-Unit Development Agreement may not be enforceable.
u. Dispute resolution by arbitration or mediation	Section 21	Except for certain claims, all disputes will be arbitrated in Salt Lake City, Utah.
v. Choice of forum	Section 21	Litigation and arbitration must be in Salt Lake County, Utah, except as provided in a State Specific Addendum. (subject to applicable state law)
w. Choice of law	Section 18	Utah law applies, except as provided in a State Specific Addendum. (subject to applicable state law)

## ITEM 18 PUBLIC FIGURES

### **Tylor Loong**

Tyler Loong, a top 5 pickleball athlete, is an owner in Picklr Inc. While Franchisor does not directly provide Mr. Loong with any compensation or other benefits arising from the use of his name or likeness, or from his endorsement or recommendation of the franchise to prospective franchisees, Mr. Loong will be involved in promoting the sale of Picklr Franchises. As such, Mr. Loong may benefit directly or indirectly from the fees paid by franchisees to Franchisor. Mr. Loong does not own any interest in Franchisor, and is not involved in the management or control of Franchisor.

### **Drew Brees**

Drew Brees is a former football quarterback who played in the National Football League for 20 years. Mr. Brees is an ambassador for the Franchisor to promote the brand and its mission to provide state-

of-the-art sports facilities of all ages and skills levels. Mr. Brees will receive a payment of \$120,000 in 2024, fifteen percent (15%) of the National Marketing Fee collected from Picklr franchisees and up to 100,000 shares of Series A Stock subject to a vesting schedule.

## **ITEM 19**

### **FINANCIAL PERFORMANCE REPRESENTATIONS**

The FTC's Franchise Rule permits a franchisor to disclose 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 the information is included in the disclosure document. Financial performance information that differs from that included in ITEM 19 may be given only if: (1) a franchisor provides the actual records of an existing outlet you are considering buying; or (2) a franchisor supplements the information provided in this ITEM 19, for example, by providing information about performance at a particular location or under particular circumstances.

The following table reflects financial information for the 12-month period ending on December 31, 2023, for the Franchisor's parent company, Picklr, Inc., which operates five Picklr Clubs similar to a Picklr Franchise. All five units have been open and operating for full 12 months. The information presented is unaudited and was prepared using uniform accounting methods consistent with generally accepted accounting principals.

There was only one Picklr Franchise open and operating at the end of the fiscal year ending December 31, 2023, however it did not operate as a Picklr Franchise for an entire 12-month period and, therefore, its financial information is not included below.

The clubs owned Picklr Parent do not pay a Royalty Fee, National Marketing Fee, training fees or other fees that would otherwise be due by the Franchisee and required pursuant to the Franchise Agreement.

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<b>Average</b>	<b>Jan 1, 2023 – Jul 31, 2023</b>	<b>Aug 1, 2023 – Dec 31, 2023</b>
Gross Revenue	\$ 202,120.60	\$ 399,226.00
Cost of Goods Sold	\$ 1,684.00	\$ 17,451.80
Gross Profit	\$ 200,436.60	\$ 381,744.20
Expenses		
Occupancy	\$ 145,787.60	\$ 122,297.60
Payroll	\$ 52,338.80	\$ 85,017.60
Advertising and Marketing	\$ 299.80	\$ 2,421.60
General and Admin Expenses	\$ 7,193.80	\$ 13,496.80
Total Expenses	\$ 205,620.00	\$ 223,206.60
EBITDA	\$ (5,183.40)	\$ 158,567.60
EBITDA	-2.6%	39.7%
High Gross Sales	\$ 250,619.00	\$ 466,396.00
Low Gross Sales	\$ 129,213.00	\$ 369,133.00
Median Gross Sales	\$ 200,936.00	\$ 388,429.00

On August 1, 2023, Picklr, Inc. implemented a membership-based model which resulted in higher revenues and higher EBITDA. From January 2023 to July 2023 revenue was derived from charging each customer an hourly rate to use a court in the Picklr Club.

Variations in franchisee operating level performance are subject to variety factors outside of the control of Franchisor. Factors may include size and demographic characteristics of your local community, and size of the Picklr Franchise premises, competition, your ability to effectively develop and manage the Picklr Franchise.

**There is no assurance that Franchisee will earn as much.**

Franchisor encourages Franchisee to consult with its own accounting, business and legal advisors and to make necessary allowances for changes in financial results to income, expenses or both. Franchisee should conduct an independent investigation of the costs and expenses Franchisee will incur in operating its Picklr Franchise.

Written substantiation of the financial performance representation will be made available upon reasonable request at 559 S. Deseret Drive, Kaysville, UT 84037.

Other than the preceding financial performance representation, Franchisor does not make any financial performance representation. Franchisor also does not authorize its employees or representatives to make any such representations either orally or in writing. If Franchisee is purchasing an existing outlet, however, Franchisor may provide Franchisee with the actual records of that outlet. If Franchisee receives any other financial performance information or projections of Franchisee's future income, Franchisee should report it to the Franchisor's management by contacting Jonathan Fornaci at 559 S. Deseret Drive, Kaysville, UT 84037 or telephone 801-725-3041, 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 2021 - 2023**

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change (+ or -)
<b>Franchised</b>	<b>2021</b>	0	0	0
	<b>2022</b>	0	0	0
	<b>2023</b>	0	1	+1
<b>Company-Owned*</b>	<b>2021</b>	0	1	+1
	<b>2022</b>	1	6	+5
	<b>2023</b>	7	6	-1
<b>Total Outlets</b>	<b>2021</b>	<b>0</b>	<b>1</b>	<b>1</b>
	<b>2022</b>	<b>1</b>	<b>6</b>	<b>+5</b>
	<b>2023</b>	<b>7</b>	<b>7</b>	<b>0</b>

**Table No. 2: Transfers of Franchised Outlets**  
**For Years 2021 - 2023**

State	Year	Number of Transfers
<b>All States</b>	2021	0
	2022	0
	2023	0
<b>TOTAL</b>	<b>2021</b>	<b>0</b>
	<b>2022</b>	<b>0</b>
	<b>2023</b>	<b>0</b>

**Table No. 3: Status of Franchised Outlets**  
**For Years 2021 – 2023**

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operation – Other Reasons	Outlets at End of the Year
<b>Colorado</b>	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
	2023	0	1	0	0	0	0	1
<b>TOTAL</b>	<b>2021</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
	<b>2022</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
	<b>2023</b>	<b>0</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1</b>



**Table No. 4: Status of Company-Owned Outlets\*  
For Years 2021 - 2023**

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired from Franchisees	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of Year
Colorado	2021	0	0	0	0	0	0
	2022	0	0	0	0	0	0
	2023	0	1	0	0	1	0
Utah	2021	0	0	0	0	0	0
	2022	0	1	0	0	0	1
	2023	1	5	0	0	0	6
TOTAL	2021	0	0	0	0	0	0
	2022	0	1	0	0	0	1
	2023	1	6	0	0	1	7

\*The Company-Owned Picklr Franchises are owned and operated by Franchisor's Affiliate, The Picklr Clubs, Inc.

**Table No. 5: Projected Openings as of January 1, 2024**

State	Franchise Agreements Signed but Outlet Not Opened	Projected New Franchised Outlets in the Next Fiscal Year	Projected New Company Owned Outlets in the Current Fiscal Year
Arizona	5 <sup>(1)</sup>	3	0
Alabama	1 <sup>(2)</sup>	1	0
Colorado	3 <sup>(2)</sup>	2	0
Delaware	1	1	0
Florida	2	2	0
Georgia	2	2	0
Illinois	5 <sup>(2)</sup>	4	0
Indiana	1	1	0
Massachusetts	1	1	0
Michigan	2 <sup>(2)</sup>	1	0
Minnesota	1 <sup>(2)</sup>	1	0
Nebraska	1 <sup>(2)</sup>	1	0
Nevada	2	2	0
New Hampshire	2	2	0
North Jersey	2 <sup>(1)</sup>	1	0
New York	2	2	0
Pennsylvania	3 <sup>(2)</sup>	2	0
Texas	6 <sup>(2)</sup>	5	0
Utah	4	4	0
Washington	1 <sup>(2)</sup>	1	0

Wisconsin	1	1	0
<b>TOTAL</b>	<b>48</b>	<b>40</b>	<b>0</b>

Note to Table 5:

(1) One of the Arizona Franchise Agreements was signed after the Fiscal year end, but prior to the issuance date of this disclosure document.

(2) After the fiscal year end, but prior to the issuance date of this disclosure document, Franchisor signed eleven (11) Multi-Unit Development Agreements totaling 36 additional units to be developed. The Multi-Unit Development Agreements require the multi-unit franchisees to develop facilities in the following matter: three franchisees to develop and operate two Picklr Franchises each, in Texas/Idaho, Michigan/Ohio, Washington; five franchisees were granted the right to develop and operate three Picklr Franchises each in Alabama, Minnesota, Nebraska, Arizona and New Jersey; two franchisees were granted the right to develop and operate four Picklr Franchises each in Pennsylvania and Illinois; one franchisee was granted the right to develop and operate seven Picklr Franchises in Colorado/Ohio. The first Franchise Agreement under each Multi-Unit Development Agreement mentioned in this paragraph was executed and reflected in the first column. Additionally, we project that the first new Picklr Franchise under each Multi-Unit Development Agreement mentioned in this paragraph will be opened in the next fiscal year.

The names, addresses and telephone numbers of all current franchisees are listed in **Exhibit D**. Also listed in **Exhibit D** are the names and last known home address and telephone number of every franchisee who has had an outlet terminated, canceled, transferred, not renewed or otherwise voluntarily or involuntarily ceased to do business under the franchise agreement through December 31, 2023 or who has not communicated with Franchisor within 10 weeks of the date of this Franchise Disclosure Document. If Franchisee buys a Picklr Franchise, Franchisee's contact information may be disclosed to other buyers when Franchisee leaves the franchise system.

As of the date of this Franchise Disclosure Document, Franchisor is not offering any existing franchised outlets to prospective franchisees, including those that either have been reacquired by Franchisor or are still being operated by current franchisees pending a transfer. In the event that Franchisor begins to offer any such outlet, specific information about the outlet will be provided to Franchisee in a separate Addendum to this Franchise Disclosure Document.

During the last three fiscal years, no current or former franchisees have signed confidentiality clauses that restrict them from discussing with Franchisee their experiences as a franchisee in Franchisor's franchise system.

In some instances, current and former franchisees sign provisions restricting their ability to speak openly about their experience with the Picklr franchising franchise system. While Franchisor encourages Franchisee to speak with current and former franchisees, be aware that not all such franchisees will be able to communicate with Franchisee.

## ITEM 21 FINANCIAL STATEMENTS

Franchisor has included its audited financials as of December 31, 2023 in **Exhibit A**. Franchisor has not been in business for three years or more and cannot include all financial statements required in accordance with Section (u)(2)(iv) ITEM 21, Financial Statements of the NASAA Amended and Restated Guidelines. Franchisor's fiscal year ends December 31.

## **ITEM 22**

### **CONTRACTS**

Attached are the following agreements proposed for use in connection with Franchisor offering of franchises:

**Exhibit:**

- B. Franchise Agreement
- C. Multi-Unit Development Agreement
- F. State-Specific Addendum
- H. Nondisclosure and Noncompetition Agreement
- I. Statement of Franchisee

**ITEM 23**  
**RECEIPTS**

THE LAST TWO PAGES OF THE FRANCHISE DISCLOSURE DOCUMENT (FOLLOWING THE EXHIBITS AND ATTACHMENTS) ARE RECEIPT PAGES ACKNOWLEDGING FRANCHISEE'S RECEIPT OF THE FRANCHISE DISCLOSURE DOCUMENT. ONE COPY IS FOR FRANCHISOR'S RECORDS, AND ONE COPY MUST BE SIGNED AND DATED BY FRANCHISEE AND RETURNED TO FRANCHISOR.

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**EXHIBIT A**

**PICKLR FRANCHISE INC.**

**FINANCIAL STATEMENTS**

**PICKLR FRANCHISE, INC.**  
**FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023**

**PICKLR FRANCHISE, INC.**  
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# MUHAMMAD ZUBAIRY, CPA PC

Certified Public Accountant

646.327.7013

## INDEPENDENT AUDITOR'S REPORT

**To the Members of  
Picklr Franchise, Inc.**

### **Opinion**

We have audited the financial statements of Picklr Franchise, Inc. which comprises the balance sheets as of December 31, 2023, and the related statement of operations, and changes in shareholders' equity, and cash flows for the period of February 28, 2023 through December 31, 2023, and the related notes to the financial statements.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of Picklr Franchise, Inc. as of December 31, 2023, and the results of its operations and its cash flows for the for the period of February 28, 2023, through December 31, 2023, 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 Picklr Franchise, Inc. 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 Picklr Franchise, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be 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, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users made on the basis of these 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 Picklr Franchise, Inc.'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 Picklr Franchise, Inc.'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.



Muhammad Zubairy, CPA PC  
Valley Stream, NY  
January 24, 2024

**PICKLR FRANCHISE, INC.**  
**BALANCE SHEET**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**

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<u><b>ASSETS</b></u>	
<b>Current assets</b>	
Cash	\$ 1,032,843
Accounts Receivable	132,500
Prepaid Allowance	350,000
Prepaid Rent	48,927
Contract Asset	7,917
Loan to Franchisees	15,000
Total Current Assets	<u>1,587,187</u>
Contract Assets, net of current	85,104
Property and Equipment, net	2,310
Security Deposits	113,441
Total Assets	<u><u>\$ 1,788,042</u></u>
<u><b>LIABILITIES AND SHAREHOLDERS' (DEFICIT)</b></u>	
<b>Current Liabilities</b>	
Accounts Payable & Accrued Expenses	\$ 18,172
Due to related party	1,448,387
Contract Liabilities	1,611,500
Total Current Liabilities	<u>3,078,059</u>
Contract Liabilities, net of current	1,827,333
Shareholders' Equity (Deficit)	<u>(3,117,350)</u>
Total Liabilities and Shareholders' equity (Deficit)	<u><u>\$ 1,788,042</u></u>

See notes to financial statements

**PICKLR FRANCHISE, INC.**  
**STATEMENTS OF OPERATIONS AND SHAREHOLDERS' EQUITY (DEFICIT)**  
**FOR THE PERIOD OF FEBRUARY 28, 2023 THROUGH DECEMBER 31, 2023**

---

<b>Revenues</b>	
Franchise fee	\$ 186,167
Royalty Income	12,646
Marketing Income	3,613
Other income	10,902
Total Revenue	<u>213,328</u>
 Operating Expenses	 <u>2,480,678</u>
 Net (Loss)	 (2,267,350)
 Shareholders' (Deficit) - Beginning	 —
 Shareholders' contributions (distributions)	 <u>(850,000)</u>
 Shareholders' (Deficit) - Ending	 <u><u>\$ (3,117,350)</u></u>

See notes to financial statements

**PICKLR FRANCHISE, INC.**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE PERIOD OF FEBRUARY 28, 2023 THROUGH DECEMBER 31, 2023**

---

<b>Cash Flows from Operating Activities</b>	
Net (Loss)	\$ (2,267,350)
Depreciation	146
Adjustments to reconcile net loss to net cash provided by operating activities:	
Changes in operating assets and liabilities;	
Accounts receivable	(132,500)
Prepaid Allowance	(350,000)
Prepaid Rent	(48,927)
Loan to Franchisees	(15,000)
Contract Assets	(93,021)
Accounts Payable & Accrued Expenses	18,172
Due to related party	1,448,387
Contract Liabilities	3,438,833
	<hr/> 1,998,740
 <b>Cash Flow from Financing Activities</b>	
Shareholders' contributions (distributions)	(850,000)
 <b>Cash Flow from Investing Activities</b>	
Acquisition of Fixed Assets	(2,456)
Security Deposits	(113,441)
	<hr/> (115,897)
 <b>Net (Decrease) in Cash</b>	 1,032,843
 <b>Cash - Beginning of Year</b>	 —
 <b>Cash - End of Year</b>	 <hr/> <b>\$ 1,032,843</b> <hr/>

See notes to financial statements

**PICKLR FRANCHISE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**

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**1. THE COMPANY**

Picklr Franchise, Inc. is a Utah C-Corporation formed in February 2023 to offer franchisees the opportunity to own and operate a wide range of Pickleball programs utilizing the system created by The Picklr. The company offers a variety of programs from court rentals to private lessons and clinics.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Accounting**-The accompanying financial statements have been prepared on an accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America. Under the accrual method, revenues are recognized when earned and expenses are recognized when a liability is incurred, without regard to disbursement of cash.

**Franchise Arrangements**-The Company's franchise arrangements generally include a license which provides for payments of initial fees as well as continuing royalties to the Company based upon a percentage of sales. Under this arrangement, franchisees are granted the right to operate a Roseus Hospitality franchise, for a specified number of years.

**Concentration of Credit Risk**-Financial instruments that potentially expose the Company to concentration of credit risk primarily consist of cash and cash equivalents. The balances in the Company's cash accounts exceeded the Federal Deposit Insurance Company's (FDIC) insurance limit of \$250,000 by \$782,843. The Company maintains its cash and cash equivalents with accredited financial institutions.

**Use of Estimates**-The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Advertising** - The Company expenses advertising as incurred. The Company incurred approximately \$681,667 in advertising costs for the years ended December 31, 2023. The expenses incurred exceeded the amount collected by \$678,054.

**Fixed Assets** - Fixed assets are stated at cost. Depreciation is provided by utilizing the straight-line method over an estimated useful life of 7 years.

Furniture and Fixtures was capitalized on August 14, 2023 in the amount of \$2,456. Depreciation expense and Accumulated Depreciation for the year ended December 31, 2023 was \$146.

**Taxes on Income**-The Company has elected to be taxed as a "C" corporation for federal and state income tax purposes. There is no tax liability as of January 24, 2024.

**3. REVENUE RECOGNITION**

The Company will record revenue in accordance Accounting Standards Board ("FASB") and Accounting Standards Update ("ASU") No. 2014-09, Revenue from Contracts with Customers (Topic 606). The transaction price attributable to performance obligations will be recognized as the performance obligations are satisfied. The portion of the franchise fee, if any that is not attributable to a distinct

**PICKLR FRANCHISE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**

---

**3. REVENUE RECOGNITION (cont'd)**

performance obligation will be amortized over the life of the related franchise agreements. Commissions paid for franchises will be amortized over the life of the franchise agreement.

**4. CONTRACT ASSETS AND CONTRACT LIABILITY**

In compliance with the Financial Accounting Standards Board ("FASB") new accounting standards for revenue recognition ("Topic 606"), the Company records its non-refundable franchise fees, net of amounts earned based on allowable direct services, as deferred revenues, to be recognized over the life of the franchise agreement. The non-refundable franchise fees received but not yet earned as of December 31, 2023 was \$3,298,833. The prepaid commissions as of December 31, 2023 was \$78,021.

**5. PREPAID ALLOWANCE**

The Company has entered into an agreement with insurance companies for area development of one of company's franchisees. Funds of \$350,000 are held in an escrow that will be reimbursed to Tenant by Landlord upon the receipt of a Certificate of Occupancy for the property.

**6. RELATED PARTIES**

The Company from time-to-time receives advances from related entities. As of December 31, 2023, the balance due from these related parties were \$1,448,387.

**7. SUBSEQUENT EVENTS**

The Company evaluates events that have occurred after the balance sheet date but before the financial statements are issued. Based upon the evaluation, the Company did not identify any recognized or non-recognized subsequent events that would have required further adjustment or disclosure in the financial statements. Subsequent events were evaluated through January 24, 2024 at which the financial statements were available to be issued.

**EXHIBIT B**  
**PICKLR FRANCHISE INC.**  
**FRANCHISE AGREEMENT**

# THE PICKLR

**PICKLR FRANCHISE INC.**

## **FRANCHISE AGREEMENT**

**Franchise #:** \_\_\_\_\_

**Franchisee:** \_\_\_\_\_

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

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

\_\_\_\_\_



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### ATTACHMENTS:

- A. Data Sheet and Statement of Ownership
- B. EFT Authorization Agreement
- C. Owners Agreement
- D. Lease Addendum and Collateral Assignment of Lease
- E. Corporate Guaranty Amendment to Franchise Agreement
- F. SBA Addendum

## FRANCHISE AGREEMENT

**THIS FRANCHISE AGREEMENT** is made on \_\_\_\_\_ 20\_\_, by and between **PICKLR FRANCHISE INC.**, a Utah corporation, located at 559 S. Deseret Drive, Kaysville, Utah 84037 (“**Franchisor**”) and \_\_\_\_\_, located at \_\_\_\_\_ (“**Franchisee**”).

### RECITALS

**WHEREAS**, Franchisor has developed a comprehensive system for the operation of a premier indoor pickleball facility and event center, including court reservations, leagues, tournaments, clinics, private/corporate events, pro shop, simple pre-packaged food and beverages (some facilities may offer alcoholic beverages for sale, along with “grab-and-go” prepackaged food) and sponsorships (“**Picklr Franchise**”).

**WHEREAS**, the Picklr Franchises are operated under innovative membership-based business model with a unique system with high standards of service, including valuable know-how, information, cutting-edge technology integration, Trade Secrets, Confidential Information, training methods, standards, designs, methods of trademark usage, copyrights, sources and specifications, confidential electronic and other communications, methods of internet usage, and research and development (“**System**”).

**WHEREAS**, the distinguishing characteristics of the System include the trademark “**THE PICKLR®**” and other trademarks and trade names, confidential operating procedures, confidential Operations Manual, standards and specifications for equipment, services and products, methods of service, management and marketing programs and sales techniques and strategies. All of these distinguishing characteristics may be changed, improved, and further developed by Franchisor from time to time. They are Franchisor's Confidential Information and Trade Secrets and are designated by and identified with the Marks described in this Agreement.

**WHEREAS**, Franchisor continues to use, develop and control the use of the Marks in order to identify for the public the source of services and products marketed under the System, and which represent the System’s high standards of quality, service and customer satisfaction.

**WHEREAS**, Franchisee acknowledges the benefits to be derived from being identified with the System, and also recognizes the value of the Marks and the continued uniformity of image to Franchisee, Franchisor, and other franchisees of Franchisor.

**WHEREAS**, Franchisee acknowledges the importance to the System of Franchisor’s high and uniform standards of quality, service and customer satisfaction, and further recognizes the necessity of opening and operating a Picklr Franchise in conformity with the System.

**WHEREAS**, Franchisee recognizes that in order to enhance the value of the System and goodwill associated with it, this Agreement places detailed obligations on Franchisee, including strict adherence to Franchisor’s reasonable present and future requirements regarding the types of products sold, services offered, advertising used, operational techniques, marketing and sales strategies and related matters.

**WHEREAS**, Franchisee is aware of the foregoing and is desirous of obtaining the right to use the System and in association therewith, the right to use the Marks, and wishes to be assisted, trained, and franchised to operate a Picklr Franchise pursuant to the provisions specified in this Agreement, subject to the terms and conditions contained in this Agreement.

The parties therefore agree as follows:

## DEFINITIONS

For the purposes of this Agreement, the following are hereby defined:

**“Agreement”** means this agreement, attachments, and all instruments in amendment hereof.

**“Affiliate”** means any person or entity that controls, is controlled by, or is in common control with, Franchisor or Franchisee.

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

**“Confidential Information”** means all knowledge, know-how, standards, methods and procedures related to the establishment and operation of the System and includes all records pertaining to customers, suppliers, and other service providers of, and/or related in any way to, Franchisee’s Picklr Franchise including, without limitation, all databases (whether in print, electronic or other form), all names, addresses, phone numbers, e-mail addresses, customer purchase records, manuals, promotional and marketing materials, marketing strategies and any other data which Franchisor designates as confidential.

**“Convention Fee”** means the fee Franchisee pays Franchisor to attend conferences, meetings, seminars and/or workshops.

**“Customer Data”** means the information, records, lists or data that contains Personal Information.

**“Franchisor’s System”** or **“System”** means the standards, systems, concepts, identifications, methods, and procedures developed or used by Franchisor, or which may hereafter be developed or used by Franchisor, for the sales and marketing of Franchisor’s Services and Products.

**“Franchise”** shall mean the business operations conducted or to be conducted using Franchisor’s System and in association therewith the Marks.

**“Gross Sales”** means the total of all receipts derived from all sales of Products and Services at Franchisee’s Picklr Franchise, including sales made away from Franchisee’s Picklr Facility, insurance claims for lost profits to the extent a claim is paid by the insurer, and all other Products and Services sold or performed by or for Franchisee or Franchisee’s Picklr Franchise or by means of the business conducted under this Agreement, whether the receipts are evidenced by cash, credit, checks, gift certificates, scrip, coupons, services, property or other means of exchange. Gross Sales does not include (a) the amount of any tax imposed by any federal, state, municipal or other governmental authority directly on sales and collected from customers, provided that the amount of any such tax is shown separately and in fact paid by Franchisee to the appropriate governmental authority; and (b) all customer refunds, valid discounts and coupons, and credits made by the Picklr Franchise (exclusions will not include any reductions for credit card user fees, returned checks or reserves for bad credit or doubtful accounts). Gross Sales shall be deemed received by Franchisee at the time the Services or Products from which they were derived are delivered or rendered or

at the time the relevant sale takes place, whichever occurs first, regardless of whether final payment (e.g., collection on a customer's personal check) actually has been received by Franchisee. Gross Sales consisting of property, Products or Services shall be valued at the retail prices applicable and in effect at the time that they are received.

**"Initial Franchise Fee"** means the initial franchisee fee as set forth on **Attachment A**.

**"Lease"** means any agreement (whether oral or written) under which the right to occupy a Picklr Facility has been obtained, and any amendment made thereto from time to time, including without limitation, any offer to lease, license or lease agreement. Franchisee acknowledges and agrees that before any Lease will be authorized by Franchisor, the Lease must incorporate the terms of the Lease Addendum attached to this Agreement as **Attachment D**.

**"Marks"** shall mean the trademark "THE PICKLR" to the extent of Franchisor's rights to same, together with such other trade names, trademarks, symbols, logos, distinctive names, service marks, certification marks, logo designs, insignia or otherwise which may be designated by Franchisor from time to time as part of the System for use by Franchisees, and not thereafter withdrawn.

**"Operations Manual"** means, but is not limited to, collectively, all directives, books, pamphlets, bulletins, memoranda, order forms, packing slips, invoices, letters, e-mail, Internet or intranet data, or other publications, documents, software programs, video tapes, transmittances or communications, in whatever form (including electronic form) prepared by or on behalf of Franchisor for use by franchisees generally or for Franchisee in particular, setting forth information, advice and standards, requirements, marketing information and procedures, operating procedures, instructions or policies relating to the operation of the Picklr Franchise or the operation of franchises, as same may be added to, deleted or otherwise amended by Franchisor from time to time. The form and content of the Operations Manual maintained by Franchisor shall prevail in the event of any dispute regarding the form of or content of the Operations Manual between Franchisor and Franchisee.

**"Personal Information"** means and includes information that identifies, relates to, describes, is capable of being associated with, or could reasonably be linked, directly or indirectly, with a particular consumer, potential consumer, individual or household, as such term may be further defined or amended by applicable federal, state and local statutes, regulations, ordinances and requirements, including but not limited to, the California Consumer Privacy Act. Personal Information is collected, maintained or generated in the operation of the Picklr Franchise, including through the use of a point of sale system.

**"Picklr Franchise"** means the operation of a premier indoor pickleball facility and event center, including court reservations, leagues, tournaments, clinics, private/corporate events, pro shop, simple pre-packaged food and beverages (some facilities may sell alcoholic beverages) and sponsorships and the sale of related Products using Franchisor's System and in association with the Marks.

**"Picklr Facility"** means the retail store front, commercial or industrial facility, or other authorized location from which Franchisee sells Products and provides Services in connection with the Picklr Franchise.

**"Products"** means all supplies, material, equipment, and ancillary items used, sold, leased, prepared or otherwise dealt with in connection with the Picklr Franchise and associated with the Marks.

**"Search Area"** means a temporary designated geographic area within which Franchisee will search for location for its Picklr Facility. Once the location for the Picklr Facility is authorized by Franchisor, the

Search Area will no longer exist and Franchisee will have a designated area around the address at which the Picklr Facility is located.

**“Sinking Fund”** means an account that is a separate account from the Franchisee’s general operating account and is only used for updates and remodels to the Picklr Facility, replacement of flooring, lighting and other expenses exceeding \$5,000. The Sinking Fund will not be used by Franchisee for routine maintenance and replacement of equipment, inventory, merchandise or products. Franchisee will be required to provide Franchisor with a bank statement of the Sinking Fund on a quarterly basis.

**“Site Selection Assistance”** means all services provided by Franchisor or its designated supplier relating to the selection and authorization of Franchisee’s Picklr Facility. Franchisor has the right to modify the site selection services offered by Franchisor periodically in Franchisor’s discretion.

**“Services”** means providing indoor activities for individuals, teams, families, children, teens and young adults including parties and other events, court reservations, leagues, tournaments, clinics, open play sessions, and other activities required by Franchisor in connection with the Picklr Franchise and associated with the Marks.

**“Trade Secret(s)”** shall mean information, including any formula, pattern, compilation, program, device, method, training technique or process related to the System that both derives independent economic value, actual or potential, from not being generally known to, and not being readily ascertainable by proper means by other persons who can obtain economic value from its disclosure or use and is the subject of efforts that are reasonable under the circumstances to maintain its secrecy.

## **1. COVENANTS, REPRESENTATIONS, AND WARRANTIES OF FRANCHISEE**

Franchisee covenants, represents and warrants as follows and acknowledges that Franchisor is relying upon such covenants, representations and warranties in making its decision to enter into this Agreement.

1.1 Franchisee acknowledges that it has received, has had ample time to read, and has read this Agreement, and all related agreements with Franchisor. Franchisee acknowledges that Franchisor has advised it to obtain independent legal and accounting advice with respect to this Agreement and the transactions arising out of this Agreement. Franchisee further acknowledges that it has had an adequate opportunity to be advised by legal, accounting and other professional advisors of its own choosing regarding all pertinent aspects of the Picklr Franchise, Franchisor and this Agreement.

1.2 Franchisee has, or has made firm arrangements to acquire, funds to commence, open and operate the Picklr Franchise and it is financially and otherwise able to accept the risks attendant upon entering into this Agreement.

1.3 All statements made by Franchisee in writing in connection with its application for this franchise were, to the best of its knowledge, true when made and continue to be true as of the date of this Agreement.

1.4 There are no material financial obligations of Franchisee, whether actual or contingent, which are outstanding as of the date of this Agreement other than those disclosed to Franchisor by Franchisee in writing.

1.5 Franchisee is not a party to nor subject to any court or administrative order or action of any governmental authority which would limit or interfere in any way with the performance by Franchisee of its obligation hereunder.

1.6 Franchisee is not a party to any litigation or legal proceedings other than those which have been disclosed to Franchisor by Franchisee in writing.

1.7 Franchisee represents that it is not a party to nor subject to agreements that might conflict with the terms of this Agreement and agrees not to enter into any conflicting agreements during the Term or any Successor Terms.

1.8 Franchisee agrees and acknowledges that it has not been induced to enter into this Agreement in reliance upon, nor as a result of, any statements, representations, warranties, conditions, covenants, promises or inducements, whatsoever, whether oral or written, and whether directly related to the contents hereof or collateral thereto, made by Franchisor, its officers, directors, agents, employees or contractors except as provided herein. Franchisee acknowledges that the Franchise has been granted in reliance upon the information supplied to Franchisor in Franchisee's application for a Franchise.

1.9 Franchisee and its owners agree to comply with and/or to assist Franchisor to the fullest extent possible in Franchisor's efforts to comply with Anti-Terrorism Laws (as defined below). In connection with such compliance, Franchisee and its owners certify, represent, and warrant that none of their property or interests is subject to being "blocked" under any of the Anti-Terrorism Laws and that Franchisee and its owners are not otherwise in violation of any of the Anti-Terrorism Laws.

(a) Franchisee and its owners certify that none of them, their respective employees, or anyone associated with Franchisee is listed in the Annex to Executive Order 13224 (which can be accessed at <https://sanctionssearch.ofac.treas.gov>). Franchisee agrees not to hire (or, if already employed, retain the employment of) any individual who is listed in the Annex.

(b) Franchisee certifies that it has no knowledge or information that, if generally known, would result in Franchisee, its owners, their employees, or anyone associated with Franchisee to be listed in the Annex to Executive Order 13224.

(c) Franchisee is solely responsible for ascertaining what actions it must take to comply with the Anti-Terrorism Laws, and Franchisee specifically acknowledges and agrees that its indemnification responsibilities set forth in this Agreement pertain to its obligations under this Section 1.9.

(d) Any misrepresentation under this Section or any violation of the Anti-Terrorism Laws by Franchisee, its owners, agents, its employees shall constitute grounds for immediate termination of this Agreement and any other agreement Franchisee has entered with Franchisor or any of Franchisor's affiliates.

## 2. GRANT OF LICENSE

2.1 Subject to all the terms and conditions of this Agreement, Franchisor hereby grants to Franchisee, and Franchisee accepts, for the term of this Agreement, the right and license ("**License**") to:

(a) Operate one Picklr Franchise upon the terms and conditions of this Agreement at the Picklr Facility Address as set forth in **Attachment A**;

(b) Use the Marks and the System; and

(c) Offer and market ONLY Franchisor's authorized Services and Products, unless Franchisor authorizes in writing (such approval to be in Franchisor's discretion) Franchisee's request to offer and market complementary and non-competing services or products.

2.2 The License does not include the right to sell Products to any vendor who would in turn sell to consumers.

2.3 Franchisee recognizes that variations and additions to the System may be required from time to time in order to preserve and/or enhance the System. Therefore, Franchisor expressly reserves the right to add to, subtract from, revise, modify or change from time to time the System or any part thereof, and Franchisee agrees to promptly accept and comply with any such addition, subtraction, revision, modification or change and to make such reasonable expenditures as may be necessary to comply pursuant to Section 8.

2.4 Franchisee recognizes that the rights that are granted to Franchisee are for the specific Picklr Facility, defined in Section 4.1 below and no other, and cannot be transferred to an alternate location, without the prior written approval of Franchisor, which approval may be granted or withheld in Franchisor's discretion.

### 3. TERM OF THE AGREEMENT AND LICENSE

3.1 This Agreement and the License granted shall become effective on the date this Agreement is executed by Franchisor and shall continue until midnight on the day before the tenth anniversary of the date the Picklr Facility opened for business ("**Term**"), subject, however, to termination in accordance with the provisions of this Agreement. When the initial Term expires, Franchisee shall have the option at Franchisor's discretion to extend Franchisee's rights to operate the Picklr Franchise for up to two additional terms ("**Successor Term**") of five years each. Franchisee must pay the Successor Franchise Fee set forth in Section 3.4(b) and otherwise comply with the requirements set forth in this Section 3.

3.2 Franchisor may refuse to grant a successor agreement to this Agreement and License if Franchisee has:

(a) Failed to remedy any breach of this Agreement specified by Franchisor in a written notice to Franchisee as per Sections 17.1, 17.2 or 17.3; or

(b) Committed and received notice of two or more breaches of this Agreement in the 24 months prior to the end of the Term, even if such breaches were timely remedied; or

(c) Franchisee has failed to give Franchisor a written notice of intent to renew no less than six months or more than nine months prior to expiration of the Term; or

(d) Franchisee is not current in payment obligations to Franchisor or to Franchisee's Lessor, suppliers, or trade creditors.

3.3 If Franchisee opts to extend its rights to operate the Picklr Franchise at the end of the Term, and Franchisor consents to such extension, Franchisee shall execute a new Franchise Agreement ("**Successor Franchise Agreement**") and all other agreements in the form then being used by Franchisor in granting new franchises. Franchisor reserves the right to change any term(s) of the Franchise Agreement form to be signed by Franchisee at the time Franchisee extends its rights to operate the Picklr Franchise

(except as specified below). There shall not, however, be another Initial Franchise Fee charged at the time Franchisee signs the Successor Franchise Agreement. IN FRANCHISOR'S SOLE DISCRETION, FRANCHISEE MAY BE DEEMED TO HAVE IRREVOCABLY DECLINED TO EXTEND ITS RIGHTS TO OPERATE THE FRANCHISE (AND ITS OPTION SHALL THEREUPON TERMINATE) IF IT FAILS TO EXECUTE AND RETURN TO FRANCHISOR THE SUCCESSOR FRANCHISE AGREEMENT AND OTHER DOCUMENTS REQUIRED BY FRANCHISOR WITHIN 30 DAYS AFTER THEIR DELIVERY TO FRANCHISEE, OR FAILS TO COMPLY IN ANY OTHER WAY WITH THE PROVISIONS OF THIS SECTION 3.

3.4 As additional conditions to renewal Franchisor has the right to require Franchisee to:

(a) Execute a general release of all claims Franchisee may have against Franchisor, its officers, directors, members, shareholders, agents, Affiliates, and employees, whether in their corporate and/or individual capacities. This release shall include all claims arising under any federal, state, or local law, rule, or ordinance arising out of or concerning this Agreement (to the fullest extent permitted by law) and shall be in a form satisfactory to Franchisor. Franchisee's failure or refusal to sign such a release in the form presented by Franchisor shall be deemed to be a rejection by Franchisee of its option to extend its rights to operate the Picklr Franchise;

(b) Pay the successor franchise fee ("**Successor Franchise Fee**") equal to Ten Thousand Dollars (\$10,000.00), which is due and payable to Franchisor at the time of signing the Successor Franchise Agreement;

(c) Upgrade the Picklr Facility and the computer system used in the operations of the Picklr Franchise to Franchisor's current standards;

(d) Comply with all other provisions contained in the Operations Manual, as modified periodically by Franchisor in Franchisor's discretion;

(e) Provide proof of current licenses, insurance and permits.

3.5 If Franchisee does not sign a Successor Franchise Agreement prior to the expiration of this Agreement and continues to accept the benefits of this Agreement after the expiration of this Agreement, then at the option of Franchisor, this Agreement may be treated either as (i) expired as of the date of expiration with Franchisee then operating without a franchise to do so and in violation of Franchisor's rights; or (ii) continued on a month-to-month basis ("**Interim Period**") until one party provides the other with written notice of such party's intent to terminate the Interim Period, in which case the Interim Period will terminate 30 days after receipt of the notice to terminate the Interim Period. In the latter case, all obligations of Franchisee shall remain in full force and effect during the Interim Period as if this Agreement had not expired, and all obligations and restrictions imposed on Franchisee upon expiration of this Agreement shall be deemed to take effect upon termination of the Interim Period.

## 4. TERRITORY

4.1 Franchisee is granted the right to develop and open one Picklr Franchise at the agreed upon location for the Picklr Facility. Franchisee receive territorial protection or exclusivity identified by zip codes, radius or other geographic boundaries. In the event the Franchisor determines the immediately surrounding area in which Franchisee's Picklr Franchise is located could support additional Picklr Franchises, Franchisor will offer to Franchisee the opportunity to develop an additional Picklr Franchise in the immediate area surrounding Franchisee's then current Picklr Facility. Except as otherwise specifically provided in this Agreement, this Agreement does not restrict Franchisor or its Affiliates, and does not grant



rights to Franchisee to pursue any of Franchisor's or its Affiliates other business concepts, other than the Picklr Franchise.

4.2 Franchisee acknowledges that the Picklr Franchise granted hereunder is non-exclusive and that Franchisor and its Affiliates retain the exclusive rights, among others:

(a) to use, franchise and/or license others to use, the Marks and System for the operation of Picklr Franchises at any location, except within the territorial protection granted around the Picklr Facility;

(b) to offer the Services or Products, or grant others the right to offer the Services or Products, whether using the System and /or Marks or other trademarks or service marks, through alternative channels of distribution, including without limitation, television, catalog sales, wholesalers, retail outlets or other distribution outlets (other than Picklr Franchises), or by Internet commerce (e-commerce), mail order or otherwise;

(c) to use, license and/or franchise the use of trademarks or service marks other than the Marks, whether in alternative channels of distribution or at any location, in association with operations that are similar to or different than the Picklr Franchise;

(d) to use, license and/or franchise the Marks and the System in connection with the provision of other services and products or in alternative channels of distribution such as those described in 4.2(b), at any location;

(e) to any websites utilizing a domain name incorporating the Trademarks or similar derivatives thereof. Franchisor retains the sole right to market on the Internet and use the Marks on the Internet, including all use of websites, domain names, URL's, directory addresses, metatags, linking, advertising, and co-branding and other arrangements. Franchisee may not independently market on the Internet, or use any domain name, address, locator, link, metatag, or search technique, with words or symbols similar to the Marks or otherwise establish any presence on the Internet without Franchisor's prior written approval. Franchisor intends that any Franchisee website be accessed only through Franchisor's home page. Franchisee will provide Franchisor with content for Franchisor's Internet marketing, and will sign Internet and intranet usage agreements, if any. Franchisor retains the right to authorize any linking or other use of its website;

(f) to acquire businesses that are the same as or similar to the Picklr Franchise and operate such businesses regardless of where such businesses are located and to be acquired by any third party which operates businesses that are the same as or similar to the Picklr Franchise regardless of where such businesses are located;

(g) to acquire and convert to the System any businesses offering services and products related to operating indoor pickleball centers including such businesses operated by competitors or otherwise operated independently or as part of, or in association with, any other system or chain, whether franchised or corporately owned; and

(h) to implement multi-area marketing programs which may allow Franchisor or others to solicit or sell customers anywhere. Franchisor reserves the right to issue mandatory policies to coordinate such multi-area marketing programs.

## 5. FEES, COSTS AND EXPENSES

5.1 Franchisee shall pay an Initial Franchise Fee the sum which is set forth on **Attachment A** plus, if due and payable, all applicable federal, state and municipal taxes to Franchisor upon execution of this Agreement.

5.2 Franchisee shall pay to Franchisor a weekly royalty fee (“**Royalty Fee**”) equal to 7% of Gross Sales due on the Monday following the week in which the Gross Sales were incurred, or at a time and date otherwise specified in the Operations Manual.

5.3 Franchisee shall pay to Franchisor a monthly management fee of \$950 (“**Regional and National Partnership and Sponsorship Management Fee**”) for Franchisor to manage, promote and sell regional and national partnerships and sponsorships at the Picklr Facility, due by the 17<sup>th</sup> of each month commencing on the date on which the Picklr Facility opens.

5.4 Franchisee shall pay to Franchisor a monthly fee of \$995 (“**Technology Fee**”) for Franchisor for the various platforms and software which the Franchisee will use in the Picklr Facility for its POS system, training system, email, social media software, management and music.

5.5 Franchisee must remit fees and other amounts due to Franchisor hereunder via electronic funds transfer (“**EFT**”) or other similar means utilizing a Franchisor authorized computer system or otherwise noted. The EFT Authorization is attached to the Franchise Agreement as **Attachment B**. Franchisee agrees to comply with procedures specified by Franchisor and/or perform such acts and deliver and execute such documents, including authorization for direct debits from Franchisee’s business bank operating account, as may be necessary to assist in or accomplish payment by such method. Under this procedure Franchisee shall authorize Franchisor to initiate debit entries and/or credit correction entries to a designated checking or savings account for payments of fees and other amounts payable to Franchisor and any interest charged due thereon. Franchisee shall make funds available to Franchisor for withdrawal by electronic transfer no later than the due date for payment therefore. If Franchisee has not timely reported the Gross Sales to Franchisor for any reporting period, then Franchisor shall be authorized, at Franchisor’s option, to debit Franchisee’s account in an amount equal to (a) the fees transferred from Franchisee’s account for the last reporting period for which a report of the Gross Sales was provided to Franchisor as required hereunder; or (b) the amount due based on information retrieved from Franchisor authorized computer system.

5.6 If Franchisee requests and Franchisor chooses, in its sole discretion, to sign as a guarantor of the lease for Franchisee’s Picklr Facility (“**Corporate Guaranty**”), Franchisee will be required to pay Franchisor a Corporate Guaranty fee (“**Corporate Guaranty Fee**”) for so long as Franchisor remains a guarantor on a lease for Franchisee’s Picklr Franchise. The Corporate Guaranty Fee is one percent (1%) of the Gross Sales and is due via ACH to the Franchisor within five (5) days after the end of each calendar quarter. The Corporate Guaranty Fee is due each quarter and is non-refundable.

5.7 Franchisee will be required to set up a Sinking Fund which Franchisee will deposit a minimum of \$800 per month. This Sinking Fund will be a separate account from the Franchisee’s general operating account and will only be used for updates and remodels to the Picklr Facility, replacement of flooring, lighting and other expenses exceeding \$5,000. The Sinking Fund will not be used by Franchisee for routine maintenance and replacement of equipment, inventory, merchandise or products. Franchisee will be required to provide Franchisor with a bank statement of the Sinking Fund on a quarterly basis.

## **6. ACCOUNTING, RECORDS, AUDITS AND LATE PAYMENT CHARGES**

6.1 Franchisee shall keep such complete records of its Picklr Franchise as a prudent and careful businessperson would normally keep. Franchisee must use the accounting system required by Franchisor, if any. Franchisee shall keep its financial books and records as Franchisor may from time to time direct in the Operations Manual or otherwise, including retention of all invoices, order forms, payroll records, point of sale records, check records, bank deposit receipts, sales tax records, refunds, cash disbursements, journals and general ledgers. Franchisee shall advise Franchisor of the location of all original documents and shall not destroy any records without the written consent of Franchisor.

6.2 Franchisee shall prepare on a current basis, complete and accurate records concerning all financial, marketing, Sinking Fund and other operating aspects of the Picklr Franchise conducted under this Agreement. Franchisee shall maintain an accounting system which accurately reflects all operational aspects of the Picklr Franchise including uniform reports as may be required by Franchisor. Franchisee's records shall include tax returns, daily reports, statements of Gross Sales, profit and loss statements (to be prepared at least quarterly), and balance sheets (to be prepared at least annually by an independent Certified Public Accountant).

6.3 Franchisee shall also submit to Franchisor current financial statements and other reports as Franchisor may reasonably request to evaluate or compile research and performance data on any operational aspect of the Picklr Franchise. Franchisee shall submit Local Fund statements and Sinking Fund statements to Franchisor once each quarter, in Franchisor's discretion, beginning July 1 of each year. On or before April 15 of each year, Franchisee shall provide Franchisor with a copy of its federal tax return for the previous tax year.

6.4 The records required under this Section 6 pertain only to Franchisee's operation of the Picklr Franchise. Franchisor has no right to inspect, audit or copy the records of any unrelated business activity Franchisee may have. Franchisee shall keep the books and records of the Picklr Franchise separate from the records of any unrelated business activity or personal activity.

6.5 From the date Franchisee and Franchisor sign this Agreement until three years after the end of the Term of this Agreement, including any Successor Terms, Franchisor or Franchisor's authorized agent shall have the right to request, receive, inspect and audit any of the records referred to above wherever they may be located. Franchisor agrees to do inspections and audits at reasonable times. Franchisee agrees to keep all records and reports for seven years from the date such records are created. Should any inspection or audit disclose a deficiency in the payment of any Royalty Fee, National Marketing Fee (as defined in Section 12.4), Corporate Guaranty Fee (if applicable) or other amounts required to be paid under this Agreement, Franchisee shall immediately pay the deficiency to Franchisor, without prejudice to any other remedy of Franchisor under this Agreement. In addition, if Franchisee (1) fails to furnish required reports or supporting records on a timely basis for two or more consecutive reporting periods, (2) fails to have the books and records available for an audit after receiving reasonable, advanced notice from Franchisor, (3) otherwise fails to cooperate with Franchisor's requested audit, or (4) the deficiency for any audit period discloses a deficiency in the amount of any Royalty Fee, National Marketing Fee, Corporate Guaranty Fee (if applicable) or other amounts due by 2% or more, Franchisee will also immediately pay to Franchisor the Audit Fee, the entire cost of the inspection or audit including travel, lodging, meals, salaries and other expenses of the inspecting or auditing personnel. For the purposes of this Section 6.5, an audit period will be each fiscal year. Should the audit disclose an overpayment of any Royalty Fees, National Marketing Fees, Corporate Guaranty fee (if applicable) or other amounts due, Franchisor shall credit the amount of the overpayment to Franchisee's payments of Royalty Fees, National Marketing Fees or Corporate Guaranty Fees (if applicable) next falling due.

6.6 If Franchisee's records and procedures are insufficient to permit a proper determination of Gross Sales, Franchisor shall have the right to deliver to Franchisee an estimate, made by Franchisor, of Gross Sales for the period under consideration and Franchisee shall immediately pay to Franchisor any amount shown thereby to be owing on account of the Royalty Fee, National Marketing Fee and other sums due on account of any understatement. Any such estimate shall be final and binding upon Franchisee.

6.7 To encourage prompt payment and to cover the costs and expenses involved in handling and processing late payments Franchisee shall also pay, upon demand, a late interest charge equal to the higher of (i) 18% per annum; or (ii) the highest legal rate permitted by applicable law, on all payments due to Franchisor during the period of time said payments are due and unpaid. Each failure to pay Royalty Fees, National Marketing Fees, Regional and National Partnership and Sponsorship Management Fee, Technology Fee and other amounts payable to Franchisor when due shall constitute a material breach of this Agreement. Franchisee acknowledges that this Section 6.7 shall not constitute Franchisor's agreement to accept such payments after same are due or a commitment by Franchisor to extend credit to, or otherwise finance Franchisee's operation of the Picklr Franchise. Further, Franchisee acknowledges that failure to pay all such amounts when due shall, notwithstanding the provisions of this Section 6.7, constitute grounds for termination of this Agreement, as provided in this Agreement.

6.8 Any report of Franchisor's auditor rendered from time to time pursuant to this Section 6, shall be final and binding upon all of the parties hereto.

6.9 Franchisee hereby authorizes Franchisor to make reasonable inquiries of Franchisee's bank, suppliers and trade creditors concerning the Picklr Franchise and hereby directs such persons and companies to provide to Franchisor such information and copies of documents pertaining to the Picklr Franchise as Franchisor may request.

6.10 Franchisee acknowledges and agrees that Franchisor owns all business records ("**Business Records**") with respect to customers and other service professionals of, and/or related to, the Picklr Franchise including, without limitation, all databases (whether in print, electronic or other form), including all names, addresses, telephone numbers, e-mail addresses, customer purchase records, and all other records contained in the database, and all other Business Records created and maintained by Franchisee. Franchisee further acknowledges and agrees that, at all times during and after the termination, expiration or cancellation of this Agreement, Franchisor may access such Business Records, and may utilize, transfer, or analyze such Business Records as Franchisor determines to be in the best interest of the System, in Franchisor's discretion.

6.11 If Franchisee pays the Royalty Fee or any other sums due to Franchisor under this Agreement with a check returned for non-sufficient funds more than one time in any calendar year, in addition to all other remedies which may be available, Franchisor shall have the right to require that Royalty Fee payments and any other sums due to Franchisor under this Agreement be made by certified or cashier's checks. If Franchisee fails to pay the Royalty Fee or any other sums due to Franchisor under this Agreement by the due date two times during the Term or any Successor Terms, in addition to all other remedies which may be available, Franchisor reserves the right to require, in its discretion, that Franchisee pay the Royalty Fee or any other sums due to Franchisor under this Agreement daily.

6.12 Franchisee agrees that, during the Term and for three years after the expiration and termination of this Agreement, Franchisee shall supply to Franchisor Franchisee's home address and telephone number. Franchisee further acknowledges and understands that federal and certain state franchise laws require disclosure of Franchisee's personal contact information in Franchisor's Franchise Disclosure Document for certain specified periods and Franchisee hereby consents to such disclosure.

## 7. SERVICES AND ASSISTANCE

7.1 The Initial Franchise Fee and Royalty Fee are paid for the License, which includes the use of the Marks, the System and the use of Franchisor's Trade Secrets and Confidential Information provided pursuant to this Agreement and for certain services rendered by Franchisor.

7.2 Franchisor will offer Franchisee initial and continuing services, as Franchisor deems necessary or advisable in furthering Franchisee's Picklr Franchise and the business of the System as a whole and in connection with protecting the Marks and goodwill of Franchisor. Failure by Franchisor to provide any particular service, either initial or continuing, shall not excuse Franchisee from any of its obligations under this Agreement.

7.3 Currently, initial services provided by Franchisor (or its designee) prior to Franchisee opening the Picklr Franchise shall include:

- (a) Designating Franchisee's Search Area as stipulated in **Attachment A**.
- (b) Furnishing Franchisee with specifications and required supplier information for all initial and replacement equipment, tools, inventory, computer system and supplies required for the operation of Franchisee's Picklr Franchise as stipulated in Section 10.
- (c) Furnishing Franchisee with Site Selection Assistance during the time Franchisee searches for a location for the Picklr Facility. Franchisee is solely responsible for locating a site, using the Site Selection Assistance, from which to operate the Picklr Facility and negotiating a Lease for the property. Franchisor may require Franchisee use its designated real estate services supplier. As part of the Site Selection Assistance, Franchisor or its designee will provide assistance to Franchisee in analyzing a location and in negotiating the business terms of a Lease. Franchisor (or its designee) will analyze a location by examining population density, census data, demographic and income characteristics, proximity of the proposed location to other Picklr Franchisees, or any other criteria as set forth in Section 8.3(c) or the Operations Manual. Franchisee must submit to Franchisor the information about the proposed location including, without limitation, lease terms, land acquisition terms, demographic criteria and preliminary site plans showing building orientation, proposed unit location, parking layout, and certain other information, as Franchisor may require periodically. The proposed Picklr Facility site is subject to Franchisor's written authorization, which may be granted or denied in Franchisor's discretion. Franchisee agrees that the location of the Picklr Facility is a factor in the potential success of the Picklr Franchise and Franchisor has the right to reject any location for any reason or no reason. However, Franchisee agrees that Franchisor's assistance in no way constitutes a representation or warranty with respect to the success or viability of the property or the Lease. Franchisee acknowledges that Franchisor's authorization of the Picklr Facility indicates only that Franchisor believes that the site falls within acceptable criteria established by Franchisor as of the authorization date. Once Franchisee's Picklr Facility is open for business, Franchisee may only relocate the Picklr Franchise by complying with Franchisor's relocation procedures.
- (d) Authorizing in writing Franchisee's proposed Picklr Facility in accordance with Section 7.3(c)
- (e) Furnishing Franchisee with an Initial Training Program. Approximately 45 days prior to when Franchisee reasonably believes Franchisee will open the Picklr Franchise up to two persons must attend, without extra charge, an Initial Training Program ("**Initial Training Program**"). The Initial Training Program must be completed at least 15 days prior to opening the

Pickl'r Franchise. The Initial Training Program shall be for seven calendar days in Kaysville, Utah (or other location designated by Franchisor). The Initial Training Program may include a discussion of the System, techniques, procedures, methods of training and operation, advertising, sales techniques, promotional ideas, marketing plans, customer relations, patron safety, instructions on quality standards and practical experience in the operation of a Pickl'r Franchise. Franchisee must pay for employee wages and compensation airfare, lodging, meals, ground transportation, and any other personal expenses which are incurred to attend training.

(f) Lending Franchisee during the Term (including any Successor Terms) one copy of Franchisor's confidential Operations Manual containing mandatory and suggested specifications, standards, operating procedures and rules prescribed from time to time by Franchisor as further stipulated in this Section 7, and containing information relative to other obligations of Franchisee hereunder. The Operations Manual may be in hard copy, accessible via passworded online portal or via other methods, in the Franchisor's sole discretion. Specifications, standards and operating procedures prescribed from time to time by Franchisor in the Operations Manual or otherwise communicated to Franchisee in writing shall constitute provisions of this Agreement as if fully set forth herein. Franchisor reserves the right to provide the Operations Manual and updates to the Operations Manual in electronic form or other form determined by Franchisor. Franchisor shall have the right to add to, delete, and otherwise modify the Operations Manual from time to time to reflect changes in authorized Products and Services, business image or the operation of the Pickl'r Franchise; provided, however, no such addition or modification shall alter Franchisee's fundamental status and rights under this Agreement. Some of the revisions to the Operations Manual may include changes with respect to: (i) sales and marketing strategies; (ii) equipment and supplies; (iii) accounting and reporting systems and forms; (iv) insurance requirements; (v) operating procedures; (vi) Services; (vii) Products and (viii) Site Selection Assistance.

(i) Franchisee shall operate the Pickl'r Franchise strictly in accordance with the Operations Manual. Franchisee's failure to comply with the standards set forth in the Operations Manual shall constitute a material breach of this Agreement.

(ii) Franchisee covenants to accept, implement and adopt any such modifications at its own cost, except as provided in Section 8.7 of this Agreement.

(iii) Franchisee hereby acknowledges that the Operations Manual is loaned to Franchisee and shall at all times remain the sole and exclusive property of Franchisor. Upon termination of this Agreement for any reason whatsoever, Franchisee shall forthwith return the Operations Manual together with all copies of any portion of the Operations Manual which Franchisee may have made, to Franchisor.

(g) Providing Franchisee with start-up marketing materials and other start-up materials.

(h) Franchisor will provide a "go team" who will provide opening assistance of up to three representatives on-site at Franchisee's Pickl'r Facility, for a minimum of five calendar days during the first week of operations of Franchisee's Pickl'r Franchise. If Franchisee desires additional on-site opening assistance, Franchisor may charge Franchisee a reasonable fee for such services ("**On-Site Assistance Fee**"), and Franchisee shall reimburse Franchisor for the additional food, lodging, and transportation expenses incurred by Franchisor during the additional time period.

7.4 Currently, the services provided by Franchisor (or its designee) to Franchisee after Franchisee opens the Pickl'r Franchise are as follows:

(a) Making a representative reasonably available to speak with Franchisee on the telephone during normal business hours, as Franchisor determines is necessary, to discuss Franchisee's operational issues and support needs.

(b) Franchisor may hold periodic meetings to discuss sales techniques, new Product and Service developments, bookkeeping, training, accounting, inventory control, Picklr Facility safety and maintenance issues, performance standards, advertising programs, merchandising procedures and other topics. Franchisee must pay a Convention Fee, if any, and all employee wages and compensation and travel and living expenses to attend. These meetings are held in Kaysville, Utah or at a location chosen by Franchisor in Franchisor's discretion and, except as set forth in Section 7.4(c), Franchisee's attendance is strongly encouraged but not required for these periodic meetings.

(c) Franchisor may also hold a mandatory annual conference to discuss sales techniques, new Services and Products, training techniques, bookkeeping, accounting, performance standards, advertising programs, merchandising procedures and other topics. Franchisee must pay the Convention Fee, if any, and all employee wages and compensation and personal travel and living expenses and attend these annual conferences which are held in Kaysville, Utah or at a location chosen by Franchisor.

(d) Informing Franchisee of mandatory specifications, standards and procedures for the operations of the Picklr Franchise.

(e) Researching new Products, Services, and methods of doing business, from time to time, and providing Franchisee with information concerning developments of this research. If Franchisee requests that Franchisor add a specific element or product to the System, Franchisor may charge a product research fee.

(f) Maintaining the National Marketing Fund and using these funds to develop promotional and advertising programs and public relations coverage for Picklr Franchisees.

(g) Providing marketing plans and advertising materials to Franchisee in the form of an arts graphics package, as stipulated in Section 12.

(h) The Franchisor may, in its discretion, provide additional on-site assistance. There may be additional charges for this additional assistance. If Franchisor provides additional assistance, Franchisor and Franchisee must agree in advance on the charges for the visit and the length of the visit.

(i) Establishing and managing one or more Local Advertising Cooperatives in accordance with Section 12, if any.

7.5 If Franchisee believes Franchisor has failed to adequately provide pre-opening services to Franchisee as provided in this Agreement in Sections 7.3, Franchisee shall notify Franchisor in writing within 30 days following the opening of the Picklr Franchise. Absent the timely provision of such notice to Franchisor, Franchisee shall be deemed to conclusively acknowledge that all pre-opening and opening services required to be provided by Franchisor were sufficient and satisfactory in Franchisee's judgment.

7.6 Franchisor is not obligated to perform services set forth in this Agreement to Franchisee's particular level of satisfaction, but as a function of Franchisor's experience, knowledge and judgment. Franchisor does not represent or warrant that any other services will be provided to Franchisee, other than

as set forth in this Agreement. To the extent any other services, or any specific level or quality of service is expected, Franchisee must obtain a commitment to provide such service or level of service in writing signed by an authorized officer of Franchisor, otherwise Franchisee acknowledges and agrees that Franchisor shall not be obligated to provide any other services or specific level or quality of services.

## **8. FRANCHISEE'S DUTIES, OBLIGATIONS AND OPERATING STANDARDS**

8.1 Franchisee shall, consistent with the terms of this Agreement, diligently develop the Picklr Franchise and use its best efforts to market and promote the required Services and Products.

8.2 Subject to the terms of this Agreement, Franchisee shall open the Picklr Facility for business on or before the projected opening date ("**Projected Opening Date**") set forth on **Attachment A**, but in no event more than 12 months from the effective date of this Agreement, unless Franchisee obtains Franchisor's express written permission to extend the Projected Opening Date, which permission may be granted or denied in Franchisor's discretion.

8.3 Franchisee shall complete the construction of Franchisee's Picklr Facility, and shall maintain the Picklr Facility, in accordance with the following requirements:

(a) Franchisee shall, at Franchisee's sole cost and expense, complete the site development and build-out and install all equipment, furniture, and fixtures, as specified by Franchisor in the Operations Manual, and required by this Agreement.

(b) Franchisee may purchase or lease the required real property and improvements from any source upon terms authorized by Franchisor in writing. Franchisee must obtain Franchisor's authorization regarding location of the Picklr Franchise within 90 days of the execution of this Agreement. If Franchisee does not obtain authorization from Franchisor of the site, which may be withheld in Franchisor's discretion, within 6 months after the effective date of the Franchise Agreement Franchisor may elect to terminate this Agreement in Franchisor's discretion. Franchisee must deliver to Franchisor any traffic, competition and demographic or similar location information relating to any proposed site that Franchisor reasonably requests for review with the request for authorization of a site. Franchisee must deliver to Franchisor, within 60 calendar days of Franchisor authorizing the site, a copy of the proposed Lease, in a form acceptable to Franchisor, and such Lease must incorporate the terms of the Lease Addendum attached to this Agreement as **Attachment D**. Franchisee must obtain Franchisor's authorization of the Lease before executing the Lease. Notwithstanding anything herein to the contrary, Franchisor may, in its discretion, extend the time periods set forth in this Section 8.3(b).

(c) Subject to the terms of this Section, Franchisee must at all times comply with Franchisor's standards, specifications, processes, procedures, requirements and instructions regarding the Picklr Facility, including the layout of the equipment, furnishings, fixtures, and activity, and lobby areas, as specified in this Agreement and in the Operations Manual. Franchisee must maintain the Picklr Facility and any parking areas in good and safe condition, as specified in the Operations Manual. Franchisee must remodel or upgrade the Picklr Facility and/or Computer System at its sole cost and expenses in accordance with Franchisor's standards as set forth in the Operations Manual, which may be modified by Franchisor at any time in Franchisor's discretion.

(d) Franchisee shall receive all required operating permits and licenses at least 30 days prior to the Projected Opening Date or Adjusted Opening Date.



8.4 Subject to the terms of this Agreement, including Subsections 7.3(g)(i), (ii) and (iii), during the Term, Franchisee shall strictly comply with all present and future standards, specifications, processes, procedures, requirements, and instructions of Franchisor regarding the operation of the Picklr Franchise and must comply with the following requirements:

(a) Prior to opening the Picklr Franchise, up to two persons must attend, without extra charge, an Initial Training Program at least 15 calendar days prior to when Franchisee reasonably believes Franchisee will open the Picklr Franchise. Franchisee shall be responsible for all employee wages and compensation, travel, meals, personal expenses and living expenses incurred while attending the Initial Training Program.

(b) Franchisee or a person Franchisee designates to manage the Picklr Franchise (“**Designated Business Manager**”) must attend mandatory annual conferences at such locations as Franchisor may reasonably designate, and Franchisee will pay all employee wages and compensation and other expenses of each person attending, including any conference fees, travel expenses, meals, living expenses and personal expenses. If Franchisee fails to attend an annual conference for any reason, Franchisor shall be entitled to use the accumulated Convention Fee paid by Franchisee for any purpose in Franchisor’s discretion. The Convention Fee is non-refundable for any reason once paid.

(c) Subject to Section 8.7, any additional required Service or Product introduced into the System by Franchisor must be offered for sale on a continuing basis at the Picklr Franchise at the time and in the manner required by Franchisor. Franchisor will provide at least 30 days prior written notice of any new required Service or Product introduced into the System. All equipment, facilities, vehicles, products, supplies, tools and other items necessary to add the newly required Services or Products must be acquired, installed, and utilized at the time and in the manner required by Franchisor. The marketing of new Services and Products must begin at the Picklr Franchise as reasonably required by Franchisor.

(d) No service or product, except authorized Services or Products, may be offered for sale from the Picklr Facility, unless Franchisee receives the prior written consent of Franchisor (which may be granted or denied in Franchisor’s discretion).

(e) Only advertising and promotional materials, services, equipment, tools, inventory, products, signage, supplies, and uniforms that meet Franchisor’s standards and specifications shall be used at the Picklr Franchise. Advertising and promotional materials, tools, services, equipment, inventory, products, signage, supplies and uniforms produced or authorized by Franchisor for use by Franchisee may be used only in the manner and during the period specified by Franchisor.

(f) Equipment, tools, Services, Products, inventory, supplies, signage, uniforms and other items must be added, eliminated, substituted and modified at the Picklr Franchise as soon as possible in accordance with changes in Franchisor’s specifications and requirements.

(g) The Picklr Franchise and everything related to the Picklr Franchise must be maintained in good condition and must be kept clean, neat and sanitary. All maintenance, repairs and replacements reasonably requested by Franchisor or required in connection with the Picklr Franchise must be promptly made including, but not limited to, regular maintenance and replacement of court floors, nets and fencing. All employees must be clean and neat in appearance and wear appropriate Picklr attire at all times.

(h) No alterations of the Picklr Franchise materially affecting the image of the Picklr Franchise may be made except at Franchisor's request or approval, and any alterations must strictly conform to specifications and requirements established or authorized by Franchisor.

(i) The Picklr Franchise and the Services provided and Products sold by Franchisee must comply with all applicable federal, state, and local laws, ordinances, rules, regulations and other requirements applicable to sale of alcohol by Franchisee, if made sold at the Picklr Facility, including securing all necessary licenses and complying with all licensing requirements and regulations. Franchisee must obtain all business licenses and permits required by federal, state and local laws, ordinances, rules and regulations before operating its Picklr Franchise, including a liquor license if liquor is sold at the Picklr Facility. If Franchisee does not obtain all required permits and licenses and other certifications necessary to operate its Picklr Franchise at least 30 days prior to Projected Opening Date Franchisor may terminate this Franchise Agreement.

(j) The employees, equipment, tools, supplies, inventory, products, and other items on hand at the Picklr Franchise, must be at all times sufficient to efficiently meet the anticipated volume of business and to ensure the safety and security of Franchisee's patrons.

(k) Franchisee shall maintain a competent, conscientious, and trained staff, and shall take such steps as are necessary to ensure that its employees preserve good customer relations; render competent, prompt, courteous, and knowledgeable service, and meet such minimum standards as Franchisor may establish from time to time. Franchisee shall conduct background checks on all employees. Franchisee shall be solely responsible for all employment decisions and functions of the Picklr Franchise, including, without limitation, those related to hiring, firing, training, establishing remuneration, compliance with wage and hour requirements, personnel policies, benefits, record keeping, supervision, and discipline of employees, regardless of whether Franchisee has received advice from Franchisor on these subjects. Franchisee acknowledges and agrees that Franchisee is an independent contractor of Franchisor and that under no circumstances shall Franchisee or Franchisee's employees assert or claim that Franchisor is the joint employer of Franchisee's employees.

(l) All debts and taxes arising in connection with the Picklr Franchise, except those duly contested in a bona fide dispute, must be paid when due.

(m) Franchisee will use its best efforts to ensure customer satisfaction; use good faith in all dealings with customers, potential customers, referral sources, suppliers and creditors; respond to customer complaints in a courteous, prompt and professional manner; use its best efforts to promptly and fairly resolve customer disputes in a mutually agreeable manner; and take such actions as Franchisor deems necessary or appropriate to resolve customer disputes.

(n) Franchisee will operate the Picklr Franchise seven days a week, except that Franchisee may be closed on Thanksgiving Day and Christmas Day, any other legal holiday authorized by Franchisor in writing, in Franchisor's discretion, any day that Franchisee is authorized to close by Franchisor in writing, in Franchisor's discretion or as may be required by Franchisee's lease.

(o) Franchisee shall, at Franchisor's request, accept debit cards, credit cards, stored value gift cards, or other non-cash systems specified by Franchisor to enable customers to purchase the Products and Services offered by the Picklr Franchise. Franchisee shall acquire, at its expense, all necessary hardware and software used in connection with these non-cash systems.

(p) Franchisee shall comply with all terms and pay all fees that may be due under a software license agreements i or such other amount as Franchisor determines in Franchisor's discretion, for any software Franchisee is required to use in the operation of its Picklr Franchise as prescribed by Franchisor, including software for accounting and system integration, financial data consolidation, reporting and other business intelligence and software and technology relating to video surveillance and security.

(q) Franchisee shall promptly pay to Franchisor any amount equal to all taxes levied or assessed, including, but not limited to, unemployment taxes, sales taxes, use taxes, withholding taxes, excise taxes, personal property taxes, intangible property taxes, gross receipts taxes, taxes on Royalties, or any similar taxes or levies imposed upon or required to be collected or paid by Franchisor by reason of the furnishing or products, intangible property (including trademarks or trade names) or services by Franchisor to Franchisee through the sale, license or lease of property or property rights provided by this Agreement.

(r) In the event of any bona fide dispute as to Franchisee's liability for taxes assessed or other indebtedness, Franchisee may contest the validity or the amount of the tax or indebtedness in accordance with the procedures of the taxing authority or applicable law; however, in no event shall Franchisee permit a tax sale or seizure by levy of execution or similar writ or warrant, or attachment by a creditor, to occur against the Picklr Facility, or any improvements thereon.

(s) Franchisee shall comply with the advertising requirements set out in Section 12.

(t) Franchisee will not use any materials that are false or misleading.

(u) Franchisee will ensure that all advertising, labeling, packaging and other materials associated with the Services and Products fully conforms to all applicable laws and regulations.

(v) Franchisee will have the Picklr Facility inspected for safety compliance ("**Safety Inspection**") to ensure that inspections fully comply with state and local laws governing the operation of the Picklr Franchise.

(w) Franchisee will conduct its business operations in accordance with all applicable laws and regulations, including but not limited to, customer data laws, consumer protection laws and alcohol service laws and regulations. Franchisee will control the quality of the Services and Products to avoid quality problems or product liability claims that could reflect adversely on Franchisee or Franchisor in the minds of consumers.

8.5 In prescribing standards, specifications, processes, procedures, requirements or instructions under Section 8.4 or any other provision of this Agreement, Franchisor will provide guidance to Franchisee, as required in Franchisor's discretion, in determining the prices to be charged by Franchisee for Services or Products. Franchisor shall not have control over the day-to-day managerial operations of the Picklr Franchise, and Franchisee shall be free to establish its own prices; provided, however, Franchisor shall have the right to set minimum resale prices as part of any national or regional promotion or multi-area marketing plan.

8.6 Franchisor and Franchisor's representatives will have the right during business hours to inspect the Picklr Franchise and all other facilities used for providing Services and selling authorized Products. Franchisor and Franchisor's representatives will have the right to observe the manner in which Franchisee is rendering its Services and conducting its operations of the Picklr Franchise. Franchisor and Franchisor's representatives will have the right to discuss with Franchisee, or other personnel Franchisee

may designate, all matters that may pertain to compliance with this Agreement and with Franchisor's standards, specifications, requirements, instructions and procedures and Franchisor may video tape or take photographs of Franchisee's safety training, maintenance procedures and techniques as it relates to the Picklr Franchise. Franchisor and Franchisor's representatives will have the right to have any of Franchisor's required Services rendered by any employee at the Picklr Franchise. Franchisee shall in all respects cooperate with Franchisor's rights under this Section 8.6; provided that Franchisor's exercise of these rights shall not unreasonably interfere with Franchisee's conduct of the Picklr Franchise.

8.7 Franchisor may require Franchisee's compliance with the provisions of this Section 8 even if it does not require such compliance by all franchisees.

8.8 If Franchisee is an individual, Franchisee must directly supervise the Picklr Franchise or shall nominate a Designated Business Manager subject to Franchisor's approval. If Franchisee is a corporation or other business entity, then Franchisee shall nominate a Designated Business Manager. The Designated Business Manager shall have direct responsibility for all operations and standards prescribed in this Agreement and the Operations Manual of the Picklr Franchise. Any change in the Designated Business Manager will be subject to Franchisor's approval, in Franchisor's discretion.

8.9 Franchisee shall become a member of such trade associations or other organizations which, in the reasonable opinion of Franchisor, are useful in the operation and promotion of the Picklr Franchise. The costs of participating in such trade associations and organizations shall be borne by Franchisee and its employees (if applicable to the employees).

8.10 Franchisee or its Designated Business Manager shall at all times have sufficient computer skills to operate Franchisee's computer, utilize any software Franchisor requires to be used in the Picklr Franchise, and to access email and the Internet. If Franchisor determines that Franchisee requires additional computer training, Franchisor will notify Franchisee in writing regarding the nature of the additional training required, and Franchisee will have 60 days to complete such training at Franchisee's sole cost and expense. Franchisor reserves the right to designate the computer training program which Franchisee must complete. At the end of the training program, Franchisee shall present a certificate reasonably acceptable to Franchisor establishing that Franchisee completed the training. Franchisee's failure to seek additional training or to pass the course shall constitute a default of this Agreement.

8.11 Franchisee acknowledges and understands that computer systems are vulnerable to computer viruses, bugs, power disruptions, communication line disruptions, Internet access failures, Internet content failures, date-related problems, and attacks by hackers and other unauthorized intruders. Franchisor does not guarantee that information or communication systems supplied by Franchisor or its suppliers will not be vulnerable to these problems. Franchisee acknowledges and agrees that Franchisee is solely responsible for protecting itself from these problems. Franchisee must also take reasonable steps to verify that Franchisee's suppliers, lenders, Lessors, customers, and governmental agencies on which Franchisee relies, are reasonably protected. This may include taking reasonable steps to secure Franchisee's systems, including, but not limited to, firewalls, access code protection, anti-virus systems, and use of backup systems.

8.12 Franchisee shall acquire, maintain, and upgrade hardware, software, information processing and communication systems, and Internet and other network access providers, as prescribed periodically by Franchisor in Franchisor's discretion. Franchisee shall comply with any separate software or other license agreements that Franchisor or its designee use in connection with the System. Franchisee shall utilize Franchisor's required software, proprietary database management and intranet system, when available, as the exclusive means for tracking and maintaining customer, vendor, and related information, and for such other uses as prescribed by Franchisor periodically in Franchisor's discretion. Weekly sales

and royalty reporting may occur through mandatory software including the automatic draft via electronic transfer of Royalty Fees and National Marketing Fees.

8.13 Franchisee shall at all times maintain an active email account and shall check the account at least once each day. If available, Franchisee shall maintain an email account on Franchisor's proprietary database management and intranet system.

8.14 Franchisee may not open its Picklr Franchise until: (1) Franchisor notifies Franchisee in writing that all of Franchisee's obligations have been fulfilled; (2) the Initial Training Program has been completed to Franchisor's satisfaction; (3) all amounts due to Franchisor have been paid; (4) Franchisor has been furnished with copies of all insurance policies and certificates required by Section 13, or other documentation of insurance coverage and payment of premiums that Franchisor may request, in Franchisor's discretion; (5) Franchisee notifies Franchisor in writing that all approvals and conditions set forth in this Agreement have been met; (6) Franchisee has obtained all necessary permits and licenses; (7) Franchisee has provided Franchisor with a fully executed copy of the Lease for Franchisee's Picklr Facility negotiated in accordance with the terms of Section 8.3(b), and (8) Franchisee has ordered, received and installed all equipment, supplies, inventory, tools, products, uniforms and computer hardware and software required by Franchisor ("**Computer System**"). Franchisee shall begin operating the Picklr Franchise immediately after Franchisor determines that the Picklr Franchise is ready for opening.

## 9. COLLECTION, USE, AND DESTRUCTION OF CUSTOMER DATA.

9.1 Franchisee agrees, at its sole cost and expense, to at all times:

(a) comply with the data protection, collection, maintenance and use requirements for Customer Data set out in this Franchise Agreement, including all policies, procedures and controls that Franchisor implements now or in the future;

(b) comply with all applicable federal, state and local statutes, regulations, ordinances and requirements, including but not limited to, the California Consumer Privacy Act, relating to the data protection, collection, maintenance and use of Customer Data (collectively, "**Privacy Laws**");

(c) assist and otherwise cooperate with Franchisor to ensure Franchisor's and Franchisee's compliance with applicable Privacy Laws;

(d) promptly notify Franchisor in writing of any Security Incident (defined below) that Franchisee becomes aware of or discovers. Franchisee will assist and otherwise cooperate with Franchisor to investigate any such Security Incident and will take all required steps, as determined by Franchisor, to remedy Franchisee's noncompliance with applicable Privacy Laws, this Agreement. For purposes of this Section 9.1(d), "**Security Incident**" means any actual or suspected accidental or unlawful destruction, loss, alteration, unauthorized disclosure of, or access to Customer Data in violation of applicable Privacy Laws and this Agreement ;

(e) promptly provide Franchisor with the ability to delete, access or copy Customer Data in Franchisee's possession or control;

(f) promptly notify Franchisor of any request regarding Customer Data received by the Franchisee from a "consumer" as defined by applicable Privacy Laws;

(g) adopt policies, procedures, and controls, including those set out in the Operations Manual, if any, that enable Franchisee to respond, and to cause its agents and employees to respond, promptly to any rights request made pursuant to applicable Privacy Laws, including any disclosure request, deletion request, or opt-out request;

(h) adopt policies, procedures, and controls, including those set out in the Operations Manual, if any, that limit access to Customer Data to only those employees that have a need-to-know basis based on specific job function or role. Franchisee will provide data privacy and security training to employees who have access to Customer Data or who operate or have access to system controls and will require employees to adhere to data confidentiality terms providing for the protection of Customer Data in accordance with this Agreement and the Operations Manual; and

(i) maintain Customer Data in confidence in accordance with Section of this Franchise Agreement.

9.2 Franchisee agrees to never sell, disclose, release, transfer, make available, divulge or use the Customer Data, or derivatives thereof for Franchisee's benefit or for the benefit of a third party, nor for any commercial purpose, other than to operate the Picklr Franchise. Notwithstanding anything to the contrary Franchisee will not disclose, release, divulge, or otherwise make Customer Data available to third parties except to the extent such access is strictly necessary to achieve a business purpose for the benefit of the Picklr Franchise and only if such third party recipient is contractually bound to comply with data protection provisions no less restrictive than those set out in this Agreement and the Operations Manual, including an agreement to comply with applicable Privacy Laws.

9.3 At Franchisor's instruction, Franchisee will de-identify, delete or destroy Customer Data and will provide Franchisor with written confirmation that such actions are completed within 10 days of Franchisor's instruction.

9.4 Franchisee hereby indemnifies and holds Franchisor harmless from any violations of applicable Privacy Laws or this Section 9 of this Agreement by Franchisee, any contractor or subcontractor, employee, affiliate or other third party to whom Franchisee has sold, disclosed, released, transferred, made available, divulged or otherwise permitted to access Customer Data. This indemnification obligation will survive termination or expiration of this Agreement.

## **10. PURCHASE OF EQUIPMENT, INVENTORY AND SUPPLIES**

10.1 Franchisee must purchase all products, services, equipment, tools, inventory, supplies and hardware and software from Franchisor's designated or authorized suppliers, manufacturers, and distributors, which might include the Franchisor and its Affiliates. The standards and specifications for equipment, Computer System, inventory, tools, signage, supplies, Services and Products required by Franchisor shall be maintained in the Operations Manual. Franchisor has the right to require Franchisee to discontinue purchasing any products, services, equipment, tools, inventory, supplies and/or Computer System from a designated or authorized supplier, manufacturer or distributor and may designate or authorize new suppliers, manufacturers or distributors at any time in Franchisor's discretion.

10.2 Franchisee acknowledges and agrees that Franchisor may receive from designated or authorized suppliers of Franchisee's products, services, equipment, tools, inventory, supplies and hardware and software, periodic volume rebates or other revenue or consideration as a result of Franchisee's purchases. Franchisee further acknowledges and agrees that Franchisor shall be entitled to keep for its own use and account such rebates and revenue.

10.3 The names and addresses of Franchisor's required or authorized suppliers, manufacturers and distributors shall be maintained in the Operations Manual. Franchisor reserves the right to authorize all of the Products, supplies, Services, equipment, tools, inventory, hardware and software used or sold in connection with Franchisee's Picklr Franchise.

10.4 Franchisee may request that Franchisor authorize or designate a new supplier by following the procedures, and paying all required fees and expenses for approval, set forth periodically by Franchisor in Franchisor's discretion. Franchisor will not unreasonably withhold the approval of a supplier; however, in order to make such determination, Franchisor may require that samples from a proposed new supplier be delivered to Franchisor for testing and approval prior to use. Franchisor reserves the right to require that Franchisee pay or reimburse Franchisor for the reasonable cost of investigation in determining whether such products, services, materials, forms, items or supplies satisfy Franchisor's specifications.

## 11. MARKS, COPYRIGHTED WORKS AND OWNERSHIP OF IMPROVEMENTS

11.1 Franchisee acknowledges and agrees that:

(a) Franchisor is the owner or exclusive licensee of all right, title and interest, together with all the goodwill of the Marks. Franchisee further acknowledges that the Marks designate the origin or sponsorship of the System, the Picklr Franchise, and the Products and Services, and that Franchisor desires to protect the goodwill of the Marks and to preserve and enhance the value of the Marks. In the event that Franchisee acquires any rights, title or interest in the Marks, Franchisee agrees to assign and hereby assigns all such rights, title or interest to Franchisor.

(b) All right, title and interest in and to all materials, including but not limited to, all artwork and designs, created by Franchisor, and used with the Marks or in association with the Picklr Franchise ("**Copyrighted Materials**") are the property of Franchisor. Additionally, all Copyrighted Materials created by Franchisee or any other person or entity retained or employed by Franchisee are "works made for hire" within the meaning of the United States Copyright Act and are the property of Franchisor, who shall be entitled to use and license others to use the Copyrighted Materials unencumbered by moral rights. To the extent the Copyrighted Materials are not works made for hire or rights in the Copyrighted Materials do not automatically accrue to Franchisor, Franchisee irrevocably assigns and agrees to assign to Franchisor, its successors and assigns, the entire right, title, and interest in perpetuity throughout the world in and to any and all rights, including all copyrights and related rights, in such Copyrighted Materials, which Franchisee and the author of such Copyrighted Materials warrant and represent as being created by and wholly original with the author. Where applicable, Franchisee agrees to obtain any other assignments of rights in the Copyrighted Materials from another person or entity necessary to ensure Franchisor's right in the Copyrighted Materials as required in this Section 11.1(b).

(c) Franchisee will never dispute, contest, or challenge, directly or indirectly, the validity or enforceability of the Marks or Copyrighted Materials or Franchisor's ownership of the Marks or Copyrighted Materials, nor counsel, procure, or assist anyone else to do the same, nor will it take any action that is inconsistent with Franchisor's ownership of the Marks or Copyrighted Materials, nor will it represent that it has any right, title, or interest in the Marks or Copyrighted Materials other than those expressly granted by this Agreement.

(d) Franchisor may decide, in its discretion, to apply to register or to register any trademarks or copyrights with respect to the Services, Products and any other products and services and the Copyrighted Materials. Failure of Franchisor to obtain or maintain in effect any such application or registration is not a breach of this Agreement. Franchisee will not, before or after

termination or expiration of the Agreement, register or apply to register any of the Marks or any trademark, service mark or logo confusingly similar thereto or any Copyrighted Materials, anywhere in the world.

(e) Upon Franchisor's request, Franchisee will cooperate fully, both before and after termination or expiration of this Agreement and at Franchisor's expense, in confirming, perfecting, preserving, and enforcing Franchisor's rights in the Marks and Copyrighted Materials, including but not limited to, executing and delivering to Franchisor such documents as Franchisor reasonably requests for any such purpose, including but not limited to, assignments, powers of attorney, and copies of commercial documents showing sale and advertising of the Services and Products and other products and services. Franchisee hereby irrevocably appoints Franchisor as its attorney-in-fact for the purpose of executing such documents.

(f) All usage of the Marks by Franchisee and any goodwill established by Franchisee's use of the Marks shall inure to the exclusive benefit of Franchisor. This Agreement does not confer any goodwill or other interests in the Marks to Franchisee upon expiration or termination of the Agreement.

**(g) FRANCHISOR MAKES NO REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, AS TO THE USE, EXCLUSIVE OWNERSHIP, VALIDITY OR ENFORCEABILITY OF THE MARKS OR COPYRIGHTED MATERIALS.**

11.2 Franchisee acknowledges and agrees that:

(a) Franchisee's right to use the Marks and Copyrighted Materials are derived solely from this Agreement. Franchisee may only use the Marks and Copyrighted Materials in its operation of the Picklr Franchise and only in compliance with this Agreement and all applicable standards, specifications, and operating procedures prescribed by Franchisor in the Operations Manual and elsewhere from time to time during the Term and any Successor Term. Franchisee will make every effort consistent to protect, maintain, and promote the Marks as identifying the System and only the System.

(b) Any unauthorized use of the Marks or Copyrighted Materials by Franchisee constitutes a breach of this Agreement and an infringement of the rights of Franchisor in and to the Marks and Copyrighted Materials.

(c) Franchisee will not use any Marks or portion of any Marks as part of a corporate or trade name, or with any prefix, suffix or other modifying words, terms, designs or symbols, or in any modified form. Franchisee shall obtain such fictitious or assumed name registrations as may be required by Franchisor or under applicable law.

(d) In order to preserve the validity and integrity of the Marks and Copyrighted Materials licensed herein and to assure that Franchisee is properly employing the same in the operation of its Picklr Franchise, Franchisor or its agents shall have the right of entry and inspection of Franchisee's Picklr Franchise and operating procedures pursuant to Section 8.6.

(e) Franchisee will safeguard and maintain the reputation and prestige of the Marks and Copyrighted Materials and will not do anything that would tarnish the image of or adversely affect the value, reputation or goodwill associated with the Marks. Franchisee will not do anything that would dilute, directly or indirectly, the value of the goodwill attached to the Marks, nor counsel, procure or assist anyone else to do the same.



(f) Franchisee will use the Marks and Copyrighted Materials only in lettering, logos, print styles, forms, and formats, including but not limited to, advertising and promotional materials, invoices, signage, business checks, business cards, stationery, and promotional items such as clothing, hats, pens, mugs, etc., which have been authorized by Franchisor in accordance with this Agreement, and promptly follow instructions regarding the Marks and Copyrighted Materials as given by Franchisor from time to time.

(g) Franchisee will use the following copyright notice at least once on each piece of advertising, promotional, or other material used in connection with the Products and Services:

© (year of first publication). PICKLR FRANCHISE INC. All Rights Reserved.

(h) Franchisee will use the Marks with a superscript “®” or “™”, as specified by Franchisor, unless and until advised by Franchisor to use a different notice.

#### 11.3 Franchisee acknowledges and agrees that:

(a) If, in Franchisor’s reasonable determination, the use of Marks or Copyrighted Materials in connection with the Services, Products, other products and services or the Picklr Franchise will infringe or potentially infringe upon the rights of any third party, weakens or impairs Franchisor’s rights in the Marks or Copyrighted Materials, or it otherwise becomes advisable at any time in Franchisor’s discretion for Franchisor to modify or discontinue use of the Marks or Copyrighted Materials then upon notice from Franchisor, Franchisee will immediately terminate or modify such use in the manner prescribed by Franchisor. Franchisor may require Franchisee to use one or more additional or substitute trade names, trademarks, service marks or other commercial symbols or copyrighted materials.

(b) Franchisee shall notify Franchisor within three days after receiving notice of any claim, demand or cause of action based upon or arising from any attempt by any other person, firm or corporation to use the Marks or any colorable imitation thereof or the Copyrighted Materials. Upon receipt of timely notice of an action, claim or demand against Franchisee relating to the Marks or Copyrighted Materials, Franchisor shall have the sole right, but not the duty, to defend any such action. Franchisor shall have the exclusive right to contest or bring action against any third party regarding the third party’s use of any of the Marks or Copyrighted Materials and shall exercise such right in the discretion of Franchisor. Franchisor shall control all actions but not be obligated to take any action. In any defense or prosecution of any litigation relating to the Marks, Copyrighted Materials or components of the System undertaken by Franchisor, Franchisee shall cooperate with Franchisor, execute any and all documents, and take all actions as may be desirable or necessary in the opinion of Franchisor’s counsel, to carry out such defense or prosecution. At Franchisor’s option, Franchisee will join in any action, in which case Franchisor shall bear all the out-of-pocket costs of Franchisee for such participation. If Franchisee joins in an action, then the recovery, if any, from such legal action shall be first applied to the total expenses associated therewith and then split equally between Franchisor and Franchisee.

11.4 All provisions of this Agreement applicable to the Marks and Copyrighted Materials apply to any and all additional trademarks, service marks, commercial symbols and copyrighted materials authorized for use by and licensed to Franchisee by Franchisor after the date of this Agreement.

11.5 If Franchisee, during the Term of the franchise relationship, or any Interim Period or Successor Term, conceives or develops any improvements or additions to the System, Copyrighted Materials, website or any other documents or information pertaining to or relating to the System or the

Picklr Franchise, or any new trade names, trade and service marks, logos, or commercial symbols related to the Picklr Franchise or any advertising and promotional ideas or inventions related to the Picklr Franchise (collectively, the “**Improvements**”) Franchisee shall fully disclose the Improvements to Franchisor, without disclosure of the Improvements to others, and shall obtain Franchisor's written approval prior to using such Improvements. Any such Improvement may be used by Franchisor and all other franchisees without any obligation to Franchisee for royalties or other fees. Franchisee shall assign and does hereby assign to Franchisor, all right, title and interest in and to the Improvements, including the right to grant sublicenses to any such Improvement. Franchisor, at its discretion, may make application for and own copyrights, patents, trade names, trademarks and service marks relating to any such Improvement and Franchisee shall cooperate with Franchisor in securing such rights. Franchisor may also consider such Improvements as the property and Trade Secrets of Franchisor. In return, Franchisor shall authorize Franchisee to utilize any Improvement that may be developed by other franchisees and is authorized generally for use by other franchisees.

## **12. ADVERTISING AND PROMOTION**

12.1 Franchisee acknowledges that local advertising is required to advise the public of the Picklr Franchise. For the first 90 calendar days prior to Franchisee's Projected Opening Date and continuing through the first 60 calendar days after Franchisee opens Franchisee's Picklr Franchise (“**Start-Up Advertising and Promotions Period**”), Franchisee will spend between \$25,000 and \$35,000 on promotional advertising, marketing, events and public relations efforts within the area surrounding the Picklr Facility. Upon the expiration of the Start-Up Advertising and Promotions Period, and during the remaining Term, Franchisee shall spend a minimum of 1% of the Gross Sales for the preceding month (“**Local Fund**”) for advertising and promotion within the area surrounding the Picklr Facility.

12.2 During the Term, Franchisee shall furnish Franchisor an accounting of Franchisee's previous month's expenditures for advertising and promotion on a form authorized by Franchisor

12.3 Franchisor will make available to Franchisee all advertising and promotion materials for the Picklr Franchise which are used by Franchisor and other franchisees. Franchisee may not develop advertising materials for use in the Picklr Franchise without Franchisor's approval. If Franchisor authorizes the advertising materials prepared by Franchisee in writing, Franchisor may make available to other franchisees such advertising and promotion materials. Franchisee must pay duplication costs of any advertising or promotion material provided by Franchisor.

12.4 Franchisor, in its discretion, may elect to form a national marketing and promotions fund (“**National Marketing Fund**”). Franchisee shall remit 2% of the Gross Sales for the preceding month or portion thereof to Franchisor (“**National Marketing Fee**”) in the same time and manner as Franchisee remits Franchisee's Royalty Fee to Franchisor. Franchisor may, in its discretion increase the National Marketing Fee by 0.1% in any 12-month period, up to a maximum of 1% of Gross Sales,. The National Marketing Fee is in addition to Franchisee's obligations in Section 12.1.

12.5 Advertising materials and services will be provided to Franchisee through the National Marketing Fund. Franchisor may occasionally provide for placement of advertising, development of promotional materials, and undertaking public relations activities on behalf of the entire System, including franchisees, or on behalf of a particular region, that may not include Franchisee, through the National Marketing Fund. Franchisor reserves the right to use the National Marketing Fee from the National Marketing Fund to place advertising in national media or regional media (including broadcast, print or other media) in the future. Franchisee acknowledges that the National Marketing Fund is intended to maximize the general brand recognition of the System. Franchisor is not obligated to expend National Marketing

Funds on Franchisee's behalf or benefit or expend National Marketing Funds equivalent or proportionate to Franchisee's National Marketing Fees on Franchisee's behalf or benefit.

12.6 National or regional advertising, public relations, and promotions will be started and continued by Franchisor, when, in Franchisor's discretion, Franchisor deems that it has accumulated sufficient moneys for that purpose. The National Marketing Fund will be used to promote the System, Services and Products sold by Franchisees and will not be used for the purpose of selling additional franchises; provided, however, that Franchisee acknowledges and agrees that Franchisor may undertake certain activities using funds from the National Marketing Fund that have the effect of increasing the visibility of, and interest in, the System by prospective franchisees. Franchisor's accounting and marketing personnel or a representative designated by Franchisor will administer the National Marketing Fund. The National Marketing Fund will collect National Marketing Fees from all franchisees and Franchisor's Affiliate-owned stores. All payments to the National Marketing Fund must be spent on advertising, public relations, market research, trade show attendance, promotion, point-of-sale materials, point-of-sale systems, marketing of goods and services provided by Franchisor and outside vendors, including but not limited to marketing agencies, and administration of the National Marketing Fund, including but not limited to, salaries, overhead, administrative, accounting, collection and legal costs and expenses. The National Marketing Funds will be maintained by Franchisor in a separate account. An annual un-audited financial statement of the National Marketing Fund, at the expense of the National Marketing Fund, will be available 120 days after Franchisor's fiscal year end to Franchisee for review once a year upon request.

12.7 The National Marketing Fees collected by the National Marketing Fund are non-refundable. The National Marketing Fund may be terminated at any time by Franchisor, in its discretion. In the event that the National Marketing Fund is terminated, any remaining balance in the National Marketing Fund will be expended as provided for in Section 12.6 or returned to Franchisee on a pro-rata basis.

12.8 Franchisee shall fully participate in all such promotional campaigns, prize contests, special offers, and other programs, national, regional, or local in nature (including the introduction of new Services, Products, new franchises or other marketing programs directed or authorized by Franchisor), which are prescribed from time to time by Franchisor. Franchisee shall be responsible for the costs of such participation. In addition, Franchisee shall honor any coupons, gift certificates or other authorized promotional offers of Franchisor at Franchisee's sole cost unless otherwise specified in writing by Franchisor. Franchisee will maintain an adequate supply of marketing brochures, pamphlets and promotional materials as may be required by Franchisor from time to time. The cost for such participation will be applied to Franchisee's Local Fund.

12.9 Franchisor (and any designee of Franchisor) will have no direct or indirect liability or obligation to Franchisee or the National Marketing Fund or otherwise with respect to the management, maintenance, direction, administration or otherwise of the National Marketing Fund. Franchisee and Franchisor agree that their rights and obligations with respect to the National Marketing Fund and all related matters are governed solely by this Agreement and neither this Agreement or the National Marketing Fund creates a trust, fiduciary relationship, or similar arrangement.

12.10 At the time the designated marketing area ("**DMA**") in which the Picklr Facility is located encompasses Picklr Facilities operated by at least two other franchisees or Picklr Franchise operators (including Franchisor's parent or Affiliates), the Franchise owners in the DMA will, at Franchisor's request and with Franchisor's advice and assistance, form a cooperative advertising association among themselves ("**Local Advertising Cooperative**" or "**Cooperative**") for the purpose of jointly advertising and promoting their Picklr Franchisees. Franchisor shall have control of all Cooperative Funds and expenditures of such funds shall require Franchisor's advanced approval.

(a) If, in connection with a Cooperative's formation or functioning, its members are unable to reach agreement with respect to any disagreement over organization, administration, "spill" policy, contribution waivers or exceptions, budget or other matters that the members cannot resolve within 45 days, the issue will be referred to Franchisor for resolution. Franchisor's decision with respect to the issue's resolution will be binding on all members of the Cooperative. In addition, Franchisor reserves the right to review each Cooperative's contribution rate on an annual basis and to disapprove a rate of less than 1% of Gross Sales or a rate in excess of 2% of Gross Sales. Franchisee's contributions to a Cooperative will be credited to Franchisee's Local Fund requirements set out in Section 12.1 up to a maximum of 2% of Gross Sales.

(b) Franchisee agrees (i) to join, participate in, and actively support any Cooperative established in the Picklr Franchise's DMA, and (ii) to make contributions to each Cooperative on the payment schedule adopted by the Cooperative's members and at the contribution rate Franchisor authorizes.

(c) Franchisor reserves the right to seek reimbursement from the Cooperative for reasonable administrative costs, salaries and overhead as Franchisor may incur in activities related to the implementation and administration of the Cooperative and related marketing programs.

(d) Franchisor shall have the sole right, in its discretion, to form, change, dissolve or merge any Cooperative.

12.11 Franchisor may establish and maintain an Internet website that provides information about the System and the Products and Services that Picklr Franchisees offer. Franchisor will have discretion and control over the website's design and contents. Franchisor may use part of the marketing fees it collects under Section 12.4 and part of the Marketing and Promotions Fund's revenues to pay or reimburse itself for the costs of maintaining and updating the website, except that Franchisor may not use marketing fees or Marketing and Promotions Fund Contributions to pay for those components of the website that are devoted to the sale of franchises for Picklr Franchisees.

(a) The website may include a section that provides the address, telephone number and e-mail address of each Picklr Facility in the Picklr chain, including Franchisee's Picklr Facility.

(b) Franchisee will not have any independent right to advertise its Picklr Franchise on the Internet.

### **13. INSURANCE AND INDEMNITY**

13.1 Franchisee shall, upon commencement of the Term, purchase and at all times maintain in full force and effect:

(a) Insurance policies, in such amounts and on such terms, as prescribed by the Operations Manual, issued by an insurance company acceptable to Franchisor at all times during the Term of this Agreement and any Successor Terms. Insurance coverage must include, but is not limited to, comprehensive general liability, combined single limit, automobile, bodily injury and all-risk property damage insurance and all other occurrences against claims of any person, employee, customer, agent or otherwise in an amount per occurrence of not less than such amount set forth in the Operations Manual and adjusted by Franchisor periodically in Franchisor's discretion, unemployment and workers compensation insurance and any other additional insurance required by the terms of any Lease or lender for the Picklr Franchise. Insurance policies must insure Franchisee, Franchisor, Franchisor's Affiliates, and Franchisor's and Franchisor Affiliates'

respective officers, directors, shareholders, managers, members and all other parties designated by Franchisor, as additional named insureds against any liability which may accrue against them because of the ownership, maintenance or operation by Franchisee of the Picklr Franchise. The policies must also stipulate that Franchisor shall receive a 30-day prior written notice of cancellation and must contain endorsements by the insurance companies waiving all rights of subrogation against Franchisor. Original or duplicate copies of all insurance policies, certificates of insurance, or other proof of insurance (collectively, “**Certificates of Insurance**”) acceptable to Franchisor, including original endorsements effecting the coverage required by this Section, shall be furnished to Franchisor together with proof of payment within ten days of issuance thereof. Franchisee shall also furnish Franchisor with certificates and endorsements evidencing such insurance coverage within ten days after each of the following events: (i) at all policy renewal periods, no less often than annually, and (ii) at all instances of any change to, addition to, or replacement of any insurance. The certificates and endorsements for each insurance policy are to be signed by a person authorized by that insurer to bind coverage on its behalf. All certificates and endorsements are subject to approval by Franchisor. Franchisor reserves the right to require complete, certified copies of all required insurance policies at any time in Franchisor’s discretion. In the event Franchisee fails to obtain the required insurance and to keep the same in full force and effect, Franchisor may, but shall not be obligated to, purchase insurance on Franchisee’s behalf from an insurance carrier of Franchisor’s choice, and Franchisee shall reimburse Franchisor for the full cost of such insurance, along with a reasonable service charge to compensate Franchisor for the time and effort expended to secure such insurance, within five days of the date Franchisor delivers an invoice detailing such costs and expenses to Franchisee. Notwithstanding the foregoing, failure of Franchisee to obtain insurance constitutes a material breach of this Agreement entitling Franchisor to terminate this Agreement or exercise any or a combination of the other default remedies set forth in Section 18 of this Agreement. Franchisee shall also procure and pay for all other insurance required by state or federal law. Franchisor reserves the right to modify minimum insurance requirements or the types of coverage required at any time in its discretion by updating the Operations Manual.

(b) All public liability and property damage policies shall contain a provision that Franchisor, although named as an additional insured, shall nevertheless be entitled to recover under such policies on any loss occasioned to Franchisor or its shareholders, members, directors, managers, employees or agents.

(c) All liability insurance policies procured and maintained by Franchisee in connection with the Picklr Franchise will require the insurance company to provide and pay for attorneys to defend any legal actions, lawsuits or claims brought against Franchisee, Franchisor, Franchisor’s Affiliates and their respective officers, directors, managers, members, agents, employees, and all other entities or individuals designated by Franchisor as additional insureds.

(d) Franchisee must purchase insurance policies set out in this Section 13.1 from Franchisor’s designated supplier if required by Franchisor in the Operations Manual.

13.2 Franchisee shall, during the Term and any Successor Terms and after the termination or expiration of this Agreement, indemnify and defend Franchisor, its Affiliates and their respective officers, directors, managers, members, and employees, and hold them harmless against all claims, demands, losses, damages (including punitive damages), costs, suits, judgments, penalties, expenses (including reasonable attorneys’ fees and amounts paid in settlement or compromise) and liabilities of any kind, whether or not ultimately determined to be meritorious (and including damages suffered by Franchisee or any of its property) (collectively, “**Damages**”) for which they are held liable, or which they incur (including travel,

investigation and living expenses of employees and witness fees) in any litigation or proceeding as a result of or arising out of:

- (a) a breach of this Agreement, or any other agreement between the parties, or any breach of a Lease or other instrument by which the right to occupy any Picklr Facility or any other premises used by Franchisee to operate the Picklr Franchise is held, by Franchisee;
- (b) any injury to, or loss of property of, any person in, or on, the Picklr Facility or any other premises used by Franchisee to operate the Picklr Franchise;
- (c) Franchisee's taxes, liabilities, costs or expenses of its Picklr Franchise;
- (d) any negligent or willful act or omission of Franchisee, its officers, directors, managers, members, partners, employees, agents, servants, contractors or others for whom it is, in law, responsible;
- (e) any violation of any federal, state or local law, ordinance or regulation imposing requirements or prohibitions on Franchisee in the operation of the Picklr Franchise; and
- (f) any advertising or promotional material distributed, broadcasted or in any way disseminated by Franchisee, or on its behalf unless such material has been produced, or authorized in writing, by Franchisor.

#### **14. RELATIONSHIP**

14.1 Franchisee acknowledges that it is an independent contractor and is not an agent, partner, joint venturer or employee of Franchisor and no training given by, or assistance from, Franchisor shall be deemed to negate such independence. Neither party is liable or responsible for the other's debts or obligations, nor shall either party be obligated for any damages to any person or property directly or indirectly arising out of the operation of the other party's business authorized by or conducted pursuant to this Agreement. Franchisor and Franchisee agree that no partnership, fiduciary relationship, joint venture or employment relationship exists between them. Franchisee shall conspicuously identify itself in all dealings with the public as a sole operator that is an entity separate from Franchisor and state that Franchisor has no liability for the Picklr Franchise being conducted from the Picklr Franchise location. It is expressly agreed that the parties intend by this Agreement to establish between Franchisor and Franchisee the relationship of franchisor and franchisee. It is further agreed that Franchisee has no authority to create or assume in Franchisor's name or on behalf of Franchisor, any obligation, express or implied, or to act or purport to act as agent or representative on behalf of Franchisor for any purpose whatsoever. Franchisee agrees that it will not hold itself out as the agent, employee, partner or co-venturer of Franchisor. All employees hired by or working for Franchisee shall be the employees of Franchisee and shall not, for any purpose, be deemed employees of Franchisor or subject to Franchisor's control. Each of the parties agrees to file its own tax, regulatory and payroll reports with respect to its respective employees and operations, saving and indemnifying the other party hereto of and from any liability of any nature whatsoever by virtue thereof.

14.2 Neither party hereto shall make any agreements, representations or warranties (except by Franchisor in advertising as provided herein) in the name of, or on behalf of, the other party; neither party hereto shall be obligated by, nor have any liability for, any agreements, representations or warranties made by the other (except by Franchisor in advertising as provided herein) nor shall Franchisor be liable for any damages to any person or property, directly or indirectly, arising out of the operation of Franchisee's Picklr Franchise, whether caused by Franchisee's negligent or willful action or failure to act.

14.3 Franchisor shall have no liability for Franchisee's obligations to pay any third parties, including without limitation, any product vendors, or any value added, sales, use, service, occupation, excise, Gross Sales, income, property or other tax levied upon Franchisee, Franchisee's property, the Picklr Franchise or upon Franchisor in connection with the sales made or business conducted by Franchisee (except any taxes Franchisor is required by law to collect from Franchisee with respect to purchases from Franchisor).

## **15. RESTRICTIVE COVENANTS**

15.1 Franchisee acknowledges and agrees that:

(a) Franchisee's entire knowledge of the operation of the Picklr Franchise, the System, and the concepts and methods of promoting the Picklr Franchise hereunder, that it has now or obtains in the future, is derived from Franchisor's Confidential Information and Trade Secrets. Franchisee further acknowledges and agrees that all of the Confidential Information and Trade Secrets are the sole property of Franchisor, represent valuable assets of Franchisor and that Franchisor has the right to use the Confidential Information and Trade Secrets in any manner it wishes at any time.

(b) During the Term and any Successor Terms, Franchisee, and Franchisees' owners, Designated Business Managers, officers, directors, managers, members, partners, and employees who have access to the Confidential Information and Trade Secrets agree that they: (1) will not use the Confidential Information or Trade Secrets in any other business or capacity or for their own benefit; (2) will maintain the absolute confidentiality of the Confidential Information and Trade Secrets; (3) will not make unauthorized copies of any portion of the Confidential Information and Trade Secrets; and (4) will adopt and implement all reasonable procedures Franchisor periodically requires to prevent unauthorized use or disclosure of the Confidential Information and Trade Secrets including requiring employees, Designated Business Managers, training class attendees, and Franchisee owners who have access to the Confidential Information and Trade Secrets to execute such nondisclosure and noncompetition agreements as Franchisor may require periodically, and provide Franchisor, at Franchisor's request, with signed copies of each of those agreements. Franchisor will be named as a third-party beneficiary on such nondisclosure and noncompetition agreements.

(c) After the Agreement expires or is terminated, Franchisee, and Franchisees' owners, Designated Business Managers and employees who have access to the Confidential Information and Trade Secrets agree that for a period of two years after the termination or expiration of the Agreement (unless such information is a Trade Secret in which case the requirements in this Section 15.1(c) will remain in place for as long as such information constitutes a Trade Secret) they: (1) will not use the Confidential Information or Trade Secrets in any other business or capacity or for their own benefit; (2) will maintain the absolute confidentiality of the Confidential Information and Trade Secrets; (3) will not make unauthorized copies of any portion of the Confidential Information or Trade Secrets; and (4) will adopt and implement all reasonable procedures Franchisor periodically requires to prevent unauthorized use or disclosure of the Confidential Information and Trade Secrets including requiring written nondisclosure and noncompetition agreements for those individuals as Franchisor may require and provide Franchisor, at Franchisor's request, with signed copies of each of those agreements. Franchisor will be named as a third-party beneficiary on such nondisclosure and noncompetition agreements.

(d) Notwithstanding the foregoing, the restrictions on the disclosure and use of the Confidential Information will not apply to the following: (a) Confidential Information in the public

domain after it was communicated to Franchisee through no fault of Franchisee, its owners, Designated Business Managers or employees; (b) Confidential Information in Franchisee's possession free of any obligation of confidence at the time it was communicated to Franchisee; or (c) the disclosure of the Confidential Information in judicial or administrative proceedings to the extent that Franchisee is legally compelled to disclose the information, if Franchisee has notified Franchisor before disclosure and used Franchisee's best efforts, and afforded Franchisor the opportunity, to obtain an appropriate protective order or other assurance satisfactory to Franchisor of confidential treatment for the information required to be so disclosed.

15.2 Franchisee covenants and agrees that:

(a) During the Term of this Agreement and any Successor Terms thereof, Franchisee, its owners, Designated Business Managers, officers, directors, managers, members, and partners shall not, without the prior written consent of Franchisor, either individually or in a partnership, corporation, limited liability company, joint venture or other business entity or jointly or in conjunction with any person, firm, association, syndicate or corporation, as principal, agent, shareholder, member, partner or in any manner whatsoever, carry on or be engaged in or be concerned with or interested in or advise, lend money to, guarantee the debts or obligations of or permit its name or any part thereof to be used or employed in any business operating in competition with any business operating a premier indoor pickleball facility and event center, including court reservations, leagues, tournaments, clinics, private/corporate events, pro shop, simple pre-packaged food and beverages (some facilities may sell alcoholic beverages) and sponsorships, and other elements and the sale of related Products, or any business similar to the Picklr Franchise ("**Competitive Business**") as carried on from time to time during the Term of this Agreement, including any Successor Term.

(b) Upon termination or expiration of the Term or any Successor Term, or the transfer, sale or assignment of this Agreement by Franchisee, neither Franchisee, the Designated Business Manager nor Franchisee's owners, officers, directors, managers, members, or partners will have any direct or indirect interest (i.e. through a relative) as a disclosed or beneficial owner, investor, partner, director, officer, employee, consultant, representative or agent, for two years, in any Competitive Business in: (1) within 50 miles of the Picklr Facility or any other franchisee's facility; or (2) within 50 miles of any Franchisor or Affiliate-owned Picklr Franchise.

15.3 During the Term (including any Successor Term) of this Agreement and for a period of two years thereafter, Franchisee, Franchisee's owners, officers, directors, managers, members, partners, and the Designated Business Manager shall not attempt to attain an unfair advantage over other franchisees or Franchisor or any Affiliates thereof by soliciting for employment any person who is, at the time of such solicitation, employed by Franchisor, other franchisees or any Affiliates, nor shall Franchisee, Franchisee's owners, officers, directors, managers, members, partners, nor the Designated Business Manager, directly or indirectly induce or attempt to induce any such person to leave his or her employment as aforesaid.

15.4 If any person restricted by this Section 15 refuses to voluntarily comply with the foregoing obligations, the two-year period will commence with the entry of any order of a court or arbitrator enforcing this Section 15.

15.5 The parties have attempted in Section 15.2 above to limit Franchisee's right to compete only to the extent necessary to protect Franchisor from unfair competition. The parties hereby expressly agree that if the scope of enforceability of the provision of Section 15.2 is disputed at any time by Franchisee, a court or arbitrator, as the case may be, may modify Section 15.2 to the extent that it deems necessary to make such provision enforceable under applicable law. In addition, Franchisor reserves the



right to reduce the scope of said provision without Franchisee's consent, at any time or times, effective immediately upon notice to Franchisee. Franchisee EXPRESSLY ACKNOWLEDGES THAT IT POSSESSES SKILLS AND ABILITIES OF A GENERAL NATURE AND HAS OTHER OPPORTUNITIES TO EXPLOIT SUCH SKILLS. CONSEQUENTLY, ENFORCEMENT OF THE COVENANTS SET FORTH ABOVE WILL NOT DEPRIVE FRANCHISEE OF THE ABILITY TO EARN A LIVING.

15.6 Nothing in this Section 15 shall prevent any active officer of Franchisee or member of Franchisee's family, either individually or collectively, from owning not more than a total of 5% of the stock of any company which is subject to the reporting requirements of the U.S. Securities and Exchange Act of 1934, provided that Franchisee or any member of Franchisee's family is otherwise not actively involved in the management or operation of that business and does not serve that business in any capacity other than as a shareholder.

15.7 Franchisor must be protected against the potential for unfair competition by Franchisee's use of Franchisor's training, assistance, Confidential Information and Trade Secrets in direct competition with Franchisor. Franchisee further acknowledges that Franchisor would not have entered into this Agreement or shared the Confidential Information, Trade Secrets and other information with Franchisee absent Franchisee's agreement to strictly comply with the provisions of this Section 15. Franchisee acknowledges that as a Franchisee of Franchisor, it will have access to Franchisor's Trade Secrets and Confidential Information and therefore be in a unique position to use the special knowledge gained as a franchisee. Franchisee acknowledges that a breach of the covenants contained in this Section 15 will be deemed to threaten immediate and substantial irreparable injury to Franchisor. Accordingly, Franchisee agrees that Franchisor will have the right, without prior notice to Franchisee, to obtain immediate injunctive relief without limiting any other rights or remedies and without posting a bond.

15.8 In the event that Franchisee is not an individual, this Section 15 will also apply to the officers, directors, stockholders, partners, members, trustees, beneficiaries and/or principals of Franchisee, Franchisee, and any persons controlled by, controlling or under common control with Franchisee.

## **16. ASSIGNMENT**

16.1 Franchisee acknowledges that Franchisor's obligations under this Agreement are not personal. Franchisor shall have the absolute right, in its discretion and at any time, to unconditionally transfer or assign this Agreement or any of its rights or obligation under this Agreement to any person, corporation or other party.

16.2 Franchisor reserves the right to assign the franchise System to anyone, including the operator of a competing national or regional chain or franchise system. Franchisee acknowledges and agrees that Franchisor may sell its assets, the Marks or the System to any third party of Franchisor's choice; may offer its securities privately or publicly; may merge with or acquire other business entities or be acquired by another business entity; may permit and participate in any transfer or distribution of its securities in connection with a spin-off; may undertake a refinancing, recapitalization, leveraged buyout, or other economic or financial restructuring; or may terminate or cease to exist or dissolve, in any such case without Franchisee's consent and, provided the transferee expressly assumes and undertakes to perform Franchisor's obligations in all material respects, do so free of any responsibility or liability whatsoever to Franchisee after the transaction occurs.

16.3 With regard to any of the above sales, assignment and dispositions, Franchisee expressly and specifically waives any claims, demands, or damages against Franchisor arising from or related to the transfer of the Marks, assets or the System from Franchisor to any other party.

16.4 Franchisee understands and acknowledges that the rights and duties set forth in this Agreement are personal to Franchisee. Accordingly, this Agreement, Franchisee's rights and interests hereunder, the property and assets owned and used by Franchisee in connection with the Picklr Franchise, and any shares, stock, membership or interest in any corporation, limited liability company, or other entity having an interest in the Picklr Franchise, shall not be voluntarily or involuntarily, directly or indirectly sold, pledged, assigned, transferred, shared, subdivided, sub-franchised, encumbered or transferred in any way (including, without limitation, in the event of the death of Franchisee if Franchisee is an individual), in whole or in part, in any manner whatsoever without the prior written approval of Franchisor, which approval will not be unreasonably withheld or delayed, and compliance with all terms of this Section 16. Any unauthorized sale, assignment, transfer or other conveyance, by operation of law or otherwise, or any attempt to do so, shall be deemed void and grounds for termination of this Agreement by Franchisor.

16.5 With and after each valid assignment of this Agreement pursuant to this Section 16, the assignee or assignees of Franchisee shall be deemed to be Franchisee under this Agreement and will be bound by and liable for all of Franchisee's existing and future obligations. No stockholder in any corporation, member in any limited liability company or partner in any partnership which becomes Franchisee shall have any rights under this Agreement by reason of his, her or its stock ownership, membership interest or partnership interest.

16.6 If Franchisee shall at any time determine to sell, in whole or in part, the Picklr Franchise, Franchisee shall obtain a bona fide, executed, written offer ("**Purchase Offer**") for the Picklr Franchise together with all real or personal property, leasehold improvements and other assets used by Franchisee in its Picklr Franchise from a responsible, arms' length, and fully disclosed purchaser and shall submit an exact copy of such Purchase Offer to Franchisor. Franchisor will have a right of first refusal to purchase the Picklr Franchise as provided in Section 17.

16.7 No transfer or assignment of this Agreement will be authorized by Franchisor or be effective unless and until all the following conditions are satisfied:

(a) Franchisee being then in full compliance herewith and paying to Franchisor all outstanding debts or amounts owing to Franchisor and any Affiliates or suppliers of Franchisor;

(b) the transferee executing Franchisor's then-current form of the franchise agreement (which, in Franchisor's discretion, may have terms equal to the remainder of Franchisee's initial Term, or may include a new full length Term, and which may otherwise contain provisions substantially different from those contained herein, including a higher royalty and greater required expenditures for advertising and promotion than are provided hereunder, and such other documents then customarily used by Franchisor to grant franchises, but which shall not require the payment of another Initial Franchise Fee), all other documents as may be reasonably requested by Franchisor and paying to Franchisor a transfer fee ("**Transfer Fee**") equal to one-half of the Initial Franchise Fee then being charged by Franchisor to new franchisees entering the system. If Franchisor is not offering franchises at the time Franchisee requests permission to transfer the Picklr Franchise and this Franchise Agreement, then Franchisee agrees to pay a Transfer Fee equal to fifty percent (50%) of the then current Initial Franchise Fee;

(c) Franchisee's execution of a general release of Franchisor, including its officers, directors, members, agents, and employees and Affiliates from such parties' obligations under the Agreement;

(d) the transferee is purchasing all of Franchisee's assets used in the Picklr Franchise in accordance with all applicable bulk sales legislation and assuming all of the liabilities of the

Picklr Franchise unless such liabilities have been paid prior to the closing of the transaction of purchase and sale or unless the sale is a sale of shares in the capital stock or membership interest of Franchisee;

(e) the transferee shall be an individual, corporation, limited liability company, partnership or other business entity having adequate financial resources who shall meet all criteria established by Franchisor for franchisees. The transferee shall also complete Franchisor's then-current Initial Training Program established by Franchisor for franchisees unless: (i) the transferee is a current franchisee in good standing in the System, or (ii) the transferee is or has been a Designated Business Manager for a period of one year or more of a Picklr Franchise in good standing;

(f) Franchisee shall, at Franchisor's request, prepare and furnish to the transferee and Franchisor such financial reports and other data relating to the Picklr Franchise and its operations as Franchisor deems reasonably necessary or appropriate for the transferee and Franchisor to evaluate the Picklr Franchise and the proposed transfer. Franchisee authorizes Franchisor to confer with a proposed transferee and furnish such proposed transferee with information concerning the Picklr Franchise and the terms and conditions of the proposed transfer, and Franchisor may do so without any liability, except for intentional misstatements made to a transferee;

(g) the parties to the proposed transaction will have entered into a binding agreement subject only to the rights of Franchisor set out in Section 17. Franchisor shall be furnished a copy of this binding agreement, and such agreement shall be subject to Franchisor's approval in writing. Franchisee must advise each prospective transferee of this provision and the other terms of this Agreement;

(h) the proposed transferee or the stockholders, partners, members or owners of a beneficial interest in a proposed corporation, partnership, limited liability company or other entity transferee, provide jointly and severally such personal guarantees as Franchisor may request, guaranteeing the proposed transferee's performance of its obligations under the agreements to be entered into; and

(i) the proposed transferee shall have demonstrated to Franchisor's satisfaction that it, he or she will meet in all respects Franchisor's standards applicable to new franchisees regarding experience, personal and financial reputation and stability, willingness and ability to devote its, his or her full time and best efforts to the operation of the Picklr Franchise, and any other conditions as Franchisor may reasonably apply in evaluating new franchisees. Franchisor must be provided with all information about the proposed transferee as Franchisor may reasonably require. Because of the confidential information and trade secrets available to a franchisee, no assignment to a competitor of Franchisor will be permitted;

16.8 Notwithstanding anything to the contrary herein contained, Franchisor shall, upon Franchisee's compliance with such requirements as may from time to time be prescribed by Franchisor (including the obtaining of all necessary approvals to the assignment of the Lease, if any, of the Picklr Facility), consent to an assignment of Franchisee's right, title and interest in and to this Agreement, and the property and assets owned and used by Franchisee in connection therewith and any other agreement then in effect between Franchisee and Franchisor to a corporation, limited liability company or other business entity which is wholly owned and controlled by Franchisee, subject to the following (provided that such assignment shall in no way release Franchisee from any liability under this Agreement):

(a) Contemporaneously with such assignment and thereafter upon the appointment or election of any person as director, officer, partner or manager of such corporation, limited liability company or other business entity, such corporation, limited liability company, partnership or other business entity shall cause each shareholder, partner, member, manager, director(s) and officer(s) of the corporation, limited liability company, partnership or other business entity to execute a written agreement with Franchisor, personally guaranteeing full payment and performance of Franchisee's obligations to Franchisor and individually undertaking to be bound, jointly and severally, by all the terms of this Agreement or any new current form of Franchise Agreement and jointly and severally liable;

(b) No shares or interest in the capital of such corporation, limited liability company, partnership or other business entity shall be issued nor shall Franchisee directly or indirectly, voluntarily or involuntarily, by operation of law or otherwise, sell, assign, transfer, convey, donate, pledge, mortgage or otherwise encumber any such shares or interest or offer or attempt to do so or permit the same to be done without Franchisor's prior written consent;

(c) The legal entity shall maintain stop transfer instructions against the transfer of shares or membership interests on its records subject to the restrictions of this Section and shall have all outstanding shares or membership interest certificates endorsed with the following legend printed conspicuously upon the face of each share or certificate:

*"The transfer of this certificate is subject to the terms and conditions of a certain Franchise Agreement with PICKLR FRANCHISE INC.. Reference is made to said Franchise Agreement and to the restrictive provisions of the articles of this [corporation or limited liability company]."*

(d) The articles of incorporation, articles of organization, operating agreement, partnership agreement, shareholder agreement, and by-laws of the corporation, limited liability company, partnership or other business entity shall provide that its objectives or business is confined exclusively to the operation of the Picklr Franchise as provided for in this Agreement, and recite that the issuance and transfer of any shares, membership interest, partnership interest or other interest is restricted by the terms of this Agreement, and copies thereof shall be furnished to Franchisor upon request;

(e) Franchisor's consent to a transfer of any interest subject to the restrictions of this Section shall not constitute a waiver of any claim it may have against the assignor, nor shall it be deemed a waiver of Franchisor's right to demand exact compliance with any of the terms of this Agreement by the assignee;

(f) The corporation, partnership, limited liability company or other business entity shall advise Franchisor and keep Franchisor current as to the names and addresses of the directors, officers, members, partners and shareholder of and those persons financially involved in the corporation, partnership, limited liability company or other business entity; and

(g) Franchisee agrees to devote its full time and best efforts to manage the day-to-day operations of the Picklr Franchise unless it has an operational partner or Designated Business Manager authorized by Franchisor.

16.9 Upon the death or permanent disability of an individual Franchisee (or the controlling shareholder, member or partner if Franchisee is a legal entity), the personal representative of such person shall transfer all right, title and interest in this Agreement or such interest in Franchisee to any authorized

third party, which may include an heir or legatee that otherwise satisfies Franchisor's then-current standards and qualifications for new Franchisee. Such disposition of this Agreement or such interest (including, without limitation, transfer by bequest or inheritance, provided such transfer is in accordance with the requirements of this Section) shall be completed within a reasonable time, not to exceed six months from the date of death or permanent disability (unless extended by probate proceedings), and shall be subject to all the terms and conditions applicable to transfers contained in this Section. Franchisor shall have the right, in Franchisor's discretion, to operate the Picklr Franchise or to appoint a representative or designee to operate the Picklr Franchise, for a period of up to 180 days, or until such time as Franchisee's interest shall have been transferred to an authorized third party, whichever occurs first. Franchisor or the appointed representative shall be entitled to retain all revenues, and shall pay all operating expenses from the operation of the Picklr Franchise, without the right to seek or require reimbursement by Franchisee's estate or personal representative, during the period of operation of the Picklr Franchise. Failure to transfer the interest in this Agreement or such interest in Franchisee within said period of time shall constitute a breach of this Agreement and shall entitle Franchisor to terminate this Agreement without further notice or the opportunity to cure. For purposes hereof, the term "**Permanent Disability**" shall mean a mental or physical disability, impairment or condition that prevent Franchisee or Franchisee's controlling shareholder, member or partner from performing the essential functions of Franchisee.

16.10 Franchisee shall grant no security interest in any of the assets of the Picklr Franchise unless the secured party agrees that in the event of any default by Franchisee under any documents related to the security interest, Franchisor shall have the right and the option to be substituted as obligor to the secured party and to cure any default of Franchisee, except that any acceleration of indebtedness due to Franchisee's default shall be void.

16.11 Franchisee shall not have the right to grant a subfranchise.

## **17. OPTION TO PURCHASE — RIGHT OF FIRST REFUSAL**

17.1 Unless otherwise explicitly provided by this Agreement, Franchisor shall be entitled to exercise the rights provided in this Section immediately upon:

- (a) The expiration without extension of Franchisee's rights to operate the Picklr Franchise or the termination for any reason of the License or this Agreement;
- (b) Any breach, default or other event that gives Franchisor the right to terminate the License or this Agreement, after expiration of any applicable notice and cure period; or
- (c) The receipt by Franchisor of a copy of a Purchase Offer.

17.2 Upon any event described in Subsection 17.1, Franchisor shall have the option to purchase all of Franchisee's rights, title and interest in the Picklr Franchise, and all its improvements, furniture, fixtures, equipment and products, and all of Franchisee's accounts, contract rights, customer and vendor lists, work in progress and other business assets.

17.3 The purchase price for assets itemized in Subsection 17.2 will be, subject to Section 17.4: (i) the current fair market value if Subsection 17.1(a) or 17.1(b) is applicable; or (ii) the price specified in the Purchase Offer received by Franchisee if Subsection 17.1(c) is applicable. If Franchisee and Franchisor cannot agree on fair market value 30 calendar days, an independent appraiser will be designated by Franchisee and Franchisor and an average of the two appraised values will be binding. Appraised values will exclude any and all consideration for goodwill or going concern value created by the Marks and business system licensed to Franchisee.

17.4 If Franchisor elects to exercise any option to purchase provided in this Section 16, Franchisor will have the right to set off all amounts due from Franchisee under the Franchise Agreement or any other agreements between the parties, any commissions or fees payable to any broker, agent or other intermediary and the cost of the appraisal, if any, against any payment. Franchisor shall also have the right to substitute cash for any other form of consideration specified in the Purchase Offer and to pay in full the entire purchase price at the time of closing.

17.5 Franchisor will notify Franchisee of its intention to exercise or not exercise its rights to purchase (“**Notice of Intent**”) within 60 days following an event described in Subsection 17.1(a) or (b) or within 15 days following an event described in Subsection 17.1(c). The Notice of Intent will specify the assets to be purchased, and the current fair market value as determined by Franchisor if Subsection 17.1(a) or 17.1(b) is applicable. In the event Franchisor is purchasing the assets pursuant to Subsections 17.1(a) or (b), Franchisee will have 14 days following receipt of Franchisor’s Notice of Intent to object to any of the prices specified therein, and any disputes over pricing shall be resolved through appraisal as specified by Subsection 17.3. If Franchisor declines to exercise its rights under this Section within the 15 or 60 day period described above, as applicable, Franchisee may thereafter sell or dispose of the Picklr Franchise to any third party in the event of a sale under Subsection 17.1(a) or 17.1(b) or to the third party identified in the Purchase Offer in the event of a sale under Subsection 17.1(c), but not at a lower price nor on more favorable terms than set forth in the Purchase Offer, if any, or the Notice of Intent and subject to the prior written permission of Franchisor and satisfaction of the other conditions to assignment set forth in Section 15. If the sale to such third party purchaser is not completed within 90 days after Franchisor delivers the Notice of Intent to Franchisee, Franchisor shall again have the right of first refusal provided in this Agreement.

17.6 If Franchisor provides Franchisee with its Notice of Intent to exercise its rights under this Section 17, the purchase and sale contemplated in this Section shall be consummated as soon as possible. In the event Franchisor is purchasing the assets pursuant to Subsections 17.1(a) or (b), following the delivery of a Notice of Intent as specified in Subsection 17.5, Franchisor or Franchisor’s designee shall have the immediate right to take possession of the Picklr Franchise and to carry on and develop the Picklr Franchise for the exclusive benefit of Franchisor or its designee.

## **18. DEFAULT AND TERMINATION**

18.1 Franchisor shall have the right, at its option, to (i) suspend performance of certain or all of its services to Franchisee during the time period Franchisee is in default of this Agreement; or (ii) terminate this Agreement and all rights granted Franchisee hereunder (subject to the provisions of applicable state law governing franchise termination and renewal), effective upon receipt of notice by Franchisee, addressed as provided in Section 20, upon the occurrence of any of the following events:

(a) Franchisee fails or refuses to open the Picklr Franchise on or before the Projected Opening Date;

(b) Franchisee intentionally or negligently discloses to any unauthorized person the contents of or any part of Franchisor’s Operations Manual, Confidential Information or Trade Secrets of Franchisor;

(c) Franchisee voluntarily abandons the Picklr Franchise for a period of five consecutive days, or any shorter period that indicates an intent by Franchisee to discontinue operation of the Picklr Franchise, unless such abandonment is due to fire, flood, earthquake or other similar causes beyond Franchisee’s control and not related to the availability of funds to Franchisee;

(d) Franchisee becomes insolvent or is adjudicated a bankrupt; or any action is taken by Franchisee, or by others against Franchisee under any insolvency, bankruptcy or reorganization act, or if Franchisee makes an assignment for the benefit of creditors, or a receiver is appointed for Franchisee;

(e) Any material judgment (or several judgments which in the aggregate are material) is obtained against Franchisee and remains unsatisfied or of record for 30 days or longer (unless a supersedeas or other appeal bond has been filed); or if execution is levied against Franchisee's Picklr Franchise or any of the property used in the operation of the Picklr Franchise and is not discharged within five days; or if the real or personal property of Franchisee's Picklr Franchise shall be sold after levy thereupon by any sheriff, marshal or constable;

(f) Franchisee, the Designated Business Manager, or any owner of greater than 10% of the Franchisee entity is charged or convicted of any felony charge, or a crime involving moral turpitude, or a felony or misdemeanor of any type against a child, or any crime or offense that is reasonably likely, in the sole opinion of Franchisor, to materially and unfavorably affect the System, Marks, goodwill or reputation thereof;

(g) Franchisee fails to pay any amounts due Franchisor or Affiliates within 10 days after receiving notice that such fees or amounts are overdue;

(h) Franchisee misuses or fails to follow Franchisor's directions and guidelines concerning use of the Marks and fails to correct the misuse or failure within 10 days after notification from Franchisor;

(i) Franchisee has received two notices of default with respect to Franchisee's obligations hereunder from Franchisor within a 12-month period, regardless of whether the defaults were cured by Franchisee;

(j) Franchisee sells, transfers or otherwise assigns the Picklr Franchise, an interest in the Picklr Franchise or Franchisee entity, this Agreement, a substantial portion of the assets of the Picklr Franchise owned by Franchisee or a controlling interest in the stock or the membership interest of the entity owning the Picklr Franchise without complying with the provisions of Section 16;

(k) Franchisee submits on two or more occasions during the Term a report, financial statement, tax return, schedule or other information or supporting record which understates its Gross Sales by more than 2%, unless Franchisee demonstrates that such understatement resulted from inadvertent error;

(l) Franchisee fails, or refuses, to submit any report, financial statement, tax return, schedule or other information or supporting records required herein, or submits such reports more than five days late on two or more occasions during the Term or any Successor Term unless due to circumstances beyond the control of Franchisee;

(m) Franchisee sells or offers for sale any unauthorized merchandise, product or service, engages in any unauthorized business or practice or sells any unauthorized product or service under the Marks or under a name or mark which is confusingly similar to the Marks;

(n) Franchisee fails any safety inspection related to the operation of equipment used in the operation of the Picklr Franchise or the kitchen in the Picklr Franchise and such failure is not

cured to the satisfaction of the inspecting authority and Franchisor in the time frame permitted by the inspection report;

(o) Franchisee contests in any court or proceeding the validity of or Franchisor's ownership of the Marks or copyrighted materials;

(p) Franchisee is a corporation, limited liability company, partnership or other business entity and any action is taken which purports to merge, consolidate, dissolve, or liquidate such entity without Franchisor's prior written consent;

(q) Franchisee or its Designated Business Manager fails to successfully complete Franchisor's training or re-training course(s);

(r) Franchisee receives from Franchisor during the Term and any Successor Term three or more notices of default regardless whether such notices of default relate to the same or different defaults, or whether such defaults have been remedied by Franchisee; or

(s) Any misrepresentation under Section 1.9 or any violation of Anti-Terrorism Laws by Franchisee, its Designated Business Manager, its owners, officers, directors, managers, members, partners, agents or employees.

18.2 Franchisor shall have the right, at its option, to (i) suspend performance of certain or all of its services to Franchisee during the time period Franchisee is in default of this Agreement; or (ii) terminate this Agreement (subject to any state laws to the contrary, where state law shall prevail), effective upon 30 days written notice to Franchisee, if Franchisee breaches any other provision of this Agreement and fails to cure the default during such 30 day period. In that event, Franchisor has the right to terminate this Agreement without further notice to Franchisee, effective upon expiration of the 30-day period. Defaults shall include, but not be limited to, the following:

(a) Franchisee fails to maintain the then-current operating procedures and standards established by Franchisor as set forth herein or in the Operations Manual or otherwise communicated to Franchisee;

(b) Franchisee fails, refuses or neglects to obtain Franchisor's prior written approval or consent as required by this Agreement;

(c) Franchisee fails or refuses to comply with the then-current requirements of the Operations Manual;

(d) Franchisee, or any partnership, joint venture, limited liability company, corporation or other business entity in which Franchisee has a controlling equity interest or which has a controlling interest in Franchisee, defaults under any term of the Lease of the Picklr Facility or any other premises used by Franchisee to operate the Picklr Franchise, any other franchise agreement with Franchisor or any other agreement material to the Picklr Franchise and such default is not cured within the time specified in such Lease, other franchise agreement or other agreement;

(e) Franchisee fails, refuses or neglects to submit a statement of monthly revenues accompanying the Royalty Fee or National Advertising Fund or any other report required under the Agreement when due;



(f) Franchisee fails, refuses or neglects to accurately report Gross Sales, sales information or other information required by Franchisor to be reported; or

(g) Franchisee fails to comply with any other provision of this Agreement or any specification, standard or operating procedure prescribed by Franchisor and does not correct such failure within ten days (or 30 days if this is the first non-compliance or breach) after written notice from Franchisor (which shall describe the action that Franchisee must take) is delivered to Franchisee.

18.3 Notwithstanding the foregoing, if the breach is curable, but is of a nature which cannot be reasonably cured within such 30 day period and Franchisee has commenced and is continuing to make good faith efforts to cure the breach during such 30 day period, Franchisee shall be given an additional reasonable period of time to cure the same, but in no event longer than 30 additional days.

18.4 A termination of this Agreement by Franchisee shall be deemed to be a termination without cause, and a breach hereof, by Franchisee. Franchisee agrees that it shall not, on grounds of an alleged nonperformance by Franchisor of any of its obligations or any other reason, withhold payment of any amount due to Franchisor whatsoever or set off amounts owed to Franchisor under this Agreement, against any monies owed to Franchisee, which right of set off is hereby expressly waived by Franchisee.

18.5 No endorsement or statement on any check or payment of any sum less than the full sum due to Franchisor shall be construed as an acknowledgment of payment in full or an accord and satisfaction, and Franchisor may accept and cash such check or payment without prejudice to its right to recover the balance due or pursue any other remedy provided herein or by law. Franchisor may apply any payments made by Franchisee against any past due indebtedness of Franchisee as Franchisor may see fit. Franchisor may set off against any payment due to Franchisee hereunder any outstanding debts of Franchisee to Franchisor, and may, at Franchisor's option, pay Franchisee's trade creditors out of any sum otherwise due to Franchisee.

18.6 Franchisee agrees to pay within five days of the effective date of termination or expiration of the Franchise all amounts owed to Franchisor, the Lessor of the Picklr Facility or other premises used in the Picklr Franchise (if applicable) and Franchisee's trade and other creditors which are then unpaid.

18.7 All royalty and advertising contributions, all amounts due for goods purchased by Franchisee from time to time from Franchisor or its Affiliates, and any other amounts owed to Franchisor or its Affiliates by Franchisee pursuant to this Agreement or any other agreement shall bear interest after the due date at the rate of 18% per annum or the highest rate permitted by law, whichever is lower, both before and after default, with interest on overdue interest at the aforesaid rate. The acceptance of any interest payment shall not be construed as a waiver by Franchisor of its rights in respect of the default giving rise to such payment and shall be without prejudice to Franchisor's right to terminate this Agreement in respect of such default.

18.8 Should Franchisee, or any partnership or joint venture or corporation in which Franchisee has a controlling equity interest, be a franchisee pursuant to another Franchise Agreement with Franchisor, respecting another franchised Picklr Franchise using the Marks, a default under this Agreement shall constitute a default under such other Franchise Agreement and vice versa, with like remedies available to Franchisor. Should such other Franchise Agreement cease to be valid, binding and in full force and effect for any reason then Franchisor has the right, at its option, to terminate this Agreement and this Agreement shall be forthwith surrendered by Franchisee and terminated, and likewise should this Agreement cease to be valid, binding and in full force and effect for any reason, Franchisor has the right, at its option, to terminate the other Franchise Agreement and the other Franchise Agreement shall be forthwith surrendered

and terminated. In the event that there is more than one Franchisee, or if Franchisee should consist of more than one legal entity, Franchisee's liability hereunder shall be both joint and several. A breach hereof by one such entity or Franchisee shall be deemed to be a breach by both or all.

18.9 Franchisee agrees that upon termination or expiration of this Agreement, it shall take the following action:

(a) Immediately discontinue the use of all Marks, social media, signs, structures, forms of advertising, telephone listings, facsimile numbers, e-mail addresses, the Operations Manual, and all materials, Products and Services of any kind which are identified or associated with the System and return all these materials and Products to Franchisor;

(b) Immediately turn over to Franchisor all materials, including the Operations Manual, customer lists, records, files, instructions, brochures, advertising materials, agreements, Confidential Information, Trade Secrets and any and all other materials provided by Franchisor to Franchisee or created by a third party for Franchisee relating to the operation of the Picklr Franchise (all of which are acknowledged to be Franchisor's property). Under no circumstances shall Franchisee retain any printed or electronic copies of the Operations Manual, Confidential Information or Trade Secrets or portions thereof upon expiration or termination of this Agreement;

(c) Franchisee hereby acknowledges that all telephone numbers, web addresses, social media accounts in any form, URLs, and e-mail addresses used in the operation of the Picklr Franchise constitute assets of Franchisor, and upon termination or expiration of this Agreement, Franchisee shall take such action within five days to cancel or assign to Franchisor or its designee as determined by Franchisor, all of Franchisee's right, title and interest in and to Franchisee's telephone numbers, social media accounts in any form, web addresses, URLs, and e-mail addresses and shall notify the telephone company and all listing agencies of the termination or expiration of Franchisee's right to use any telephone number, social media accounts, web address, URL, and e-mail addresses, and any regular, classified or other telephone directory listing associated with the Marks and to authorize a transfer of same to or at the direction of Franchisor. Franchisee acknowledges as between Franchisor and Franchisee, Franchisor has the sole rights to, and interest in, all telephone numbers, directory listings, social media accounts, web addresses, URLs, and e-mail addresses used by Franchisee to promote the Picklr Franchise and/or associated with the Marks. Franchisee hereby irrevocably appoints Franchisor, with full power of substitution, as its true and lawful attorney-in-fact, which appointment is coupled with an interest, to execute such directions and authorizations as may be necessary or prudent to accomplish the foregoing.

(d) Immediately take all steps necessary to amend or terminate any registration or filing of any d/b/a or business name or fictitious name or any other registration or filing containing the Marks so as to delete the Marks and all references to anything associated with the System;

(e) Franchisee shall, at Franchisor's option, immediately assign to Franchisor any interest in which Franchisee has in any Lease for the Picklr Facility. In the event Franchisor does not elect to exercise its option to acquire the Lease for the Picklr Facility, then, to the extent, if any, Franchisee is permitted to conduct any business at the Picklr Facility pursuant to the terms of this Agreement or a separate written agreement with Franchisor, and acknowledging the distinctiveness of Franchisor's interior design and décor, Franchisee shall make such modifications or alterations to the premises immediately upon termination or expiration of this Agreement as may be necessary to distinguish the appearance of such premises from that of other Picklr Facilities operating under the System and Marks, and shall make such specific additional changes thereto as Franchisor may reasonably request for that purpose. In the event Franchisee fails or refuses to comply with the

requirements of this Section 18.9(e), Franchisor shall have the right to enter the Picklr Facility without being guilty of trespass or any other tort, for the purposes of making or causing to be made such changes as may be required, at the expense of Franchisee, which expense Franchisee agrees to pay upon demand;

(f) Franchisee agrees, in the event it continues to operate or subsequently begins to operate any other business, not to use any reproduction, counterfeit copy, or colorable imitation of the Marks, either in connection with such other business or the promotion thereof, which is likely to cause confusion, mistake, or deception, or which is likely to dilute Franchisor's rights in and to the Marks, and further agrees not to use any designation of origin, description, representation, trademark, or trade name which suggests or represents a past or present association or connection with Franchisor, the System, or the Marks;

(g) Provide Franchisor the option to purchase as set forth in Section 17; and

(h) Comply with the provisions of Sections 11.1(c) and (e) and Section 15.

18.10 If, within 30 days after termination or expiration of this Agreement by Franchisor, Franchisee fails to remove all displays of the Marks from the Picklr Franchise, which are identified or associated with the System, Franchisor may enter the Picklr Franchise to effect removal. In this event, Franchisor will not be charged with trespass nor be accountable or required to pay for any displays or materials.

18.11 If, within 30 days after termination or expiration of this Agreement Franchisee has not taken all steps necessary to amend or terminate any registration or filing of any business name or d/b/a or any other registration or filing containing the Marks, Franchisee hereby irrevocably appoints Franchisor as Franchisee's true and lawful attorney for Franchisee, and in Franchisee's name, place and stead and on Franchisee's behalf, to take action as may be necessary to amend or terminate all registrations and filings, this appointment being coupled with an interest to enable Franchisor to protect the System.

18.12 Termination or expiration of this Agreement shall not affect, modify, or discharge any claims, rights, causes of action or remedies which Franchisor may have against Franchisee, whether such claims or rights arise before or after termination or expiration.

18.13 All obligations of the parties hereto which expressly or by their nature survive the expiration or termination of this Agreement shall continue in full force and effect notwithstanding such expiration or termination. In particular, but without limiting the generality of the foregoing, the provisions of Articles 11, 13, 15 and 17, hereof shall survive termination or expiration of this Agreement.

18.14 In the event that this Agreement expires or is terminated for any reason whatsoever and Franchisor is the lender under any loan agreement ("**Loan**") or the holder of any promissory note ("**Note**") or the holder of any personal property, security interest, chattel mortgage, debenture or mortgage of any nature whatsoever ("**Security Interest**") from Franchisee concerning assets used at any time by Franchisee in the Picklr Franchise or which are situated on the Picklr Franchise premises, such Loan, Note or Security Interest shall, upon the effective date of termination or expiration, immediately become fully due and payable as to all principal and interest so loaned and secured.

18.15 If any applicable and binding law or rule of any jurisdiction requires a greater prior notice of the termination of this Agreement than is required hereunder, the prior notice or other action required by such law or rule shall be substituted for the notice requirements hereof. Such modifications to this

Agreement shall be effective only in such jurisdiction and shall be enforced as originally made and entered into in all other jurisdictions.

18.16 In the event of termination of the Agreement for any reason whatsoever the parties shall accept the default remedies contained herein as full and final satisfaction of all claims. The parties waive, to the extent permitted by law, any claim against the other for punitive or exemplary damages; except for such punitive or exemplary damages for violation of the Lanham Act, trademark infringement or dilution, unauthorized dissemination of the Confidential Information or Trade Secrets or arising under the indemnification set out in Section 13.

18.17 The rights of the parties hereto are cumulative and no exercise or enforcement by a party of any right or remedy hereunder shall preclude the exercise or enforcement by that party of any other right or remedy herein contained, or to which it is entitled by law.

18.18 Nothing herein shall prevent Franchisor or Franchisee from seeking injunctive relief to prevent irreparable harm, in addition to all other remedies. If it is necessary for Franchisor to seek preliminary or permanent injunctive relief, Franchisor may do so without a bond.

18.19 THE PARTIES ACKNOWLEDGE THAT IN THE EVENT THAT THE TERMS OF THIS AGREEMENT REGARDING TERMINATION OR EXPIRATION ARE INCONSISTENT WITH APPLICABLE STATE OR FEDERAL LAW, SUCH LAW SHALL GOVERN FRANCHISEE'S RIGHTS REGARDING TERMINATION OR EXPIRATION OF THIS AGREEMENT.

## **19. CONDEMNATION AND CASUALTY**

19.1 Franchisee shall promptly advise Franchisor upon Franchisee's receipt of a notice of default or termination under Franchisee's Lease or mortgage, and shall promptly provide Franchisor a copy of the notice. Franchisee shall also give Franchisor notice of any proposed taking of the Picklr Facility or any portion thereof through the exercise of the power of eminent domain at the earliest possible time. If the Picklr Facility or a substantial part thereof is to be taken, the Picklr Franchise may be relocated within an area with Franchisor's written approval in accordance with Franchisor's relocation procedures . If Franchisee opens a new business as provided above at another location in accordance with Franchisor's standards and general specifications within one year of the closing of the old Picklr Facility, the new Picklr Franchise shall be deemed to be the Picklr Franchise licensed under this Agreement. If a condemnation, Lease termination or mortgage default takes place and a new Picklr Franchise does not, for any reason, become the Picklr Franchise as provided in this Section 19.1, then the License shall terminate upon notice by Franchisor.

19.2 If the Picklr Facility is damaged for any reason, Franchisee shall expeditiously repair the damage. If the damage or repair requires closing the Picklr Franchise, Franchisee shall immediately notify Franchisor in writing, and shall:

(a) Relocate the Picklr Franchise as provided in Subsection 19.1; or

(b) Repair or rebuild the Picklr Franchise at the Picklr Facility in accordance with Franchisor's then existing standards and general specifications, and reopen the Picklr Franchise for continuous business operations as soon as practicable (but in any event within 12 months after closing the Picklr Franchise at the Picklr Facility), giving Franchisor 30 days advance notice of the date of reopening; or

(c) If the Picklr Franchise is not (or, in the opinion of Franchisor cannot be) reopened in accordance with this Section 19.2, or relocated pursuant to Subsection 19.1, the License shall terminate upon notice to Franchisee.

19.3 The Term will not be extended by any interruption in the Picklr Franchise's operations, except for an act of God that results in the Picklr Franchise being closed not less than 60 days nor more than 180 days. Franchisee must apply for any extension within thirty 30 days following the reopening of the Picklr Franchise. No event during the Term will excuse Franchisee from paying Royalty Fees or National Marketing Fees as provided in this Agreement.

## 20. NOTICES

20.1 Any notice of default under this Agreement shall be delivered personally or by courier to the appropriate location. Any other notice, request, demand, approval, consent or other communication which the parties hereto may be required or permitted to be given hereunder shall be in writing and may be given to the party for whom it is intended by personal delivery, facsimile transmission or delivering it to such party by mailing it by prepaid registered mail, or by recognized overnight delivery or courier services, in the case of Franchisor to:

### To Franchisor:

PICKLR FRANCHISE INC.  
Attn: Franchise Paralegal  
559 S. Deseret Drive  
Kaysville, UT 84037  
Email: [michelebeauvois@thepicklr.com](mailto:michelebeauvois@thepicklr.com)

with a copy (which shall not constitute Notice) to:

Trish MacAskill  
Akerman LLP  
1900 Sixteenth Street, Suite 950  
Denver, CO 80202  
Email: [trish.macaskill@akerman.com](mailto:trish.macaskill@akerman.com)

### To Franchisee:

\_\_\_\_\_  
\_\_\_\_\_  
Attention: \_\_\_\_\_  
Phone: (\_\_\_\_) \_\_\_\_\_  
Email: \_\_\_\_\_

with a copy (which shall not constitute Notice) to:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
Attention: \_\_\_\_\_  
Email: \_\_\_\_\_

Any such notice or other document delivered personally or by facsimile transmission shall be deemed to have been received by and given to the addressee on the day of delivery and any such other notice or other document mailed as aforesaid, shall be deemed to have been received by and given to the addressee on the third business day following the date of mailing, and any delivery made by recognized overnight delivery or courier services shall be deemed to be delivered the next business day. Any party may at any time give notice in writing to any other party of any change of address.

## **21. DISPUTE RESOLUTION**

21.1 The parties will first attempt to resolve any dispute relating to or arising out of this Agreement by negotiation. Franchisor will provide a procedure for internal dispute resolution as set forth in the Operations Manual, and the parties acknowledge and agree that this procedure may be revised periodically in Franchisor's discretion.

21.2 To protect from violations that would cause immediate loss and damages or irreparable harm, Franchisor and Franchisee shall each have the right to seek from a state or federal court located in Salt Lake City, Utah:

- (a) injunctive relief and any related incidental damages;
- (b) an action for disputes or claims related to or based on the Marks;
- (c) enforcement of a covenant not to compete; and
- (d) issues related to the disclosure of or misuse of Confidential Information or Trade Secrets.

**21.3 EXCEPT AS OTHERWISE PROVIDED IN THIS SECTION, ANY CONTROVERSY OR DISPUTE ARISING OUT OF, OR RELATING TO THE FRANCHISE OR THIS AGREEMENT INCLUDING, BUT NOT LIMITED TO, ANY CLAIM BY FRANCHISEE OR ANY PERSON IN PRIVITY WITH OR CLAIMING THROUGH, ON BEHALF OF OR IN THE RIGHT OF FRANCHISEE, CONCERNING THE ENTRY INTO, PERFORMANCE UNDER, OR TERMINATION OF, THIS AGREEMENT OR ANY OTHER AGREEMENT ENTERED INTO BY FRANCHISOR, OR ITS SUBSIDIARIES OR AFFILIATES, AND FRANCHISEE; ANY CLAIM AGAINST A PAST OR PRESENT EMPLOYEE, OFFICER, DIRECTOR, MEMBER, SHAREHOLDER OR AGENT OF FRANCHISOR; ANY CLAIM OF BREACH OF THIS AGREEMENT; AND ANY CLAIMS ARISING UNDER STATE OR FEDERAL LAWS, SHALL BE SUBMITTED TO FINAL AND BINDING ARBITRATION AS THE SOLE AND EXCLUSIVE REMEDY FOR ANY SUCH CONTROVERSY OR DISPUTE. "PERSONS IN PRIVITY" WITH OR CLAIMING THROUGH, ON BEHALF OF OR IN THE RIGHT OF FRANCHISEE INCLUDE BUT ARE NOT LIMITED TO, SPOUSES AND OTHER FAMILY MEMBERS, DOMESTIC PARTNERS, HEIRS, EXECUTORS, REPRESENTATIVES, SUCCESSORS AND ASSIGNS. SUBJECT TO THIS SECTION, THE RIGHT AND DUTY OF THE PARTIES TO THIS AGREEMENT TO RESOLVE ANY DISPUTES BY ARBITRATION SHALL BE GOVERNED EXCLUSIVELY BY THE FEDERAL ARBITRATION ACT, AS AMENDED, AND ARBITRATION SHALL TAKE PLACE ACCORDING TO THE COMMERCIAL ARBITRATION RULES (IN EFFECT AS OF THE DATE THE DEMAND FOR ARBITRATION IS FILED) OF, AND UNDER THE AUSPICES OF, THE AMERICAN ARBITRATION ASSOCIATION. THE ARBITRATION, WHICH SHALL BE HELD BEFORE A SINGLE ARBITRATOR, SHALL BE HELD IN THE SALT LAKE CITY, UTAH OFFICE OF THE AMERICAN ARBITRATION ASSOCIATION, OR AT SUCH OTHER LOCATION AS SHALL**

**BE MUTUALLY AGREED UPON BY THE PARTIES IN WRITING. HOWEVER, ARBITRATION WILL NOT BE REQUIRED TO BE USED FOR ANY DISPUTE WHICH INVOLVES THE TYPE OF DISPUTES IDENTIFIED IN SECTION 21.2. THE PARTIES EXPRESSLY CONSENT TO PERSONAL JURISDICTION IN THE STATE OF UTAH AND AGREE THAT SUCH COURT(S) WILL HAVE EXCLUSIVE JURISDICTION OVER ANY DETERMINATION OF THE “PREVAILING PARTY” IN ACCORDANCE WITH SUCH ISSUES NOT SUBJECT TO ARBITRATION.**

21.4 A single arbitrator shall be selected by the parties from a panel of neutral arbitrators provided by the American Arbitration Association and shall be chosen by the striking method. Subject to the provisions contained in Section 21.3, the parties each shall bear all of their own costs of arbitration; however, the fees of the arbitrator shall be divided equally between the parties. The arbitrator shall have no authority to amend or modify the terms of this Agreement. The award or decision by the arbitrator shall be final and binding on the parties and may be enforced by judgment or order of a court having subject matter jurisdiction in the state where the arbitration took place. The parties consent to the exercise of personal jurisdiction over them by such court and to the propriety of venue of such court for the purpose of carrying out this provision; and they waive any objections that they would otherwise have concerning such matters.

21.5 Parties to arbitration under this Agreement shall not include, by consolidation, joinder or in any other manner, any person other than Franchisee and any person in privity with or claiming through, in the right of or on behalf of Franchisee or Franchisor, unless both parties consent in writing. To the extent permitted by applicable law, no issue of fact or law shall be given preclusive or collateral estoppel effect in any arbitration hereunder, except to the extent such issue may have been determined in another proceeding between Franchisor and Franchisee or any Person in Privity with or claiming through, in the right of or on behalf of Franchisee or Franchisor.

21.6 The parties agree that any arbitration arising out of a dispute relating to this Agreement is only a matter between Franchisor and Franchisee and no other franchisees, multi-unit developers or area developers. Franchisee agrees not to join or attempt to join other franchisees, multi-unit developers, area developers, or other third-parties in any arbitration proceeding and to refrain from participating in any “class action” litigation or arbitration proposed or asserted by one or more other franchisees.

21.7 Except for payments owed by one party to the other, and unless prohibited by applicable law, any legal action or arbitration proceeding brought or instituted with respect to any dispute arising from or related to this Agreement or with respect to any breach of the terms of this Agreement must be brought or instituted within a period of two years from the date of discovery of the conduct or event that forms the basis of the legal action or proceeding.

## **22. MISCELLANEOUS**

22.1 Except to the extent governed by the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. Sections 1051 et seq.) or other applicable federal law, this Agreement shall be interpreted under the laws of the State of Utah, and any dispute between the parties shall be governed by and determined in accordance with the substantive laws of the State of Utah, which laws shall prevail in the event of any conflict of law; provided, however, the parties expressly agree that this Agreement is not intended to confer on any franchisee that is not a resident of the State of Utah the benefit of any Utah law providing specific protection to franchisees residing or operating in the State of Utah. **FRANCHISEE AND FRANCHISOR HAVE NEGOTIATED REGARDING A FORUM IN WHICH TO RESOLVE ANY DISPUTES THAT MAY ARISE BETWEEN THEM AND HAVE AGREED TO SELECT A FORUM IN ORDER TO PROMOTE STABILITY IN THEIR RELATIONSHIP. THEREFORE, IF A CLAIM IS ASSERTED IN ANY LEGAL PROCEEDING INVOLVING FRANCHISEE, ITS OFFICERS**

**DIRECTORS, MANAGERS, MEMBERS, OR PARTNERS AND FRANCHISOR, ITS OFFICERS, DIRECTORS, SHAREHOLDERS, MANAGERS, MEMBERS, EMPLOYEES OR AFFILIATES OF BOTH PARTIES AGREE THAT THE EXCLUSIVE VENUE FOR DISPUTES BETWEEN THEM SHALL BE IN THE STATE OF UTAH AND EACH WAIVE ANY OBJECTION EITHER MAY HAVE TO THE PERSONAL JURISDICTION OF OR VENUE IN THE STATE OF UTAH. FRANCHISEE IRREVOCABLY SUBMITS TO THE JURISDICTION OF SUCH COURTS AND WAIVES ANY OBJECTION FRANCHISEE MAY HAVE TO EITHER THE JURISDICTION OR VENUE IN SUCH COURT. FRANCHISOR AND FRANCHISEE FURTHER WAIVE EACH OF THEIR RIGHTS TO A JURY TRIAL FOR ANY MATTER THAT IS TRIED BEFORE A COURT OF LAW.**

22.2 All provisions of this Agreement are severable and this Agreement shall be interpreted and enforced as if all completely invalid or unenforceable provisions were not contained herein; all partially valid and enforceable provisions shall be enforced to the extent that they are valid and enforceable.

22.3 If either party institutes a legal proceeding, including court proceedings or arbitration, and prevails entirely or in part in any action at law or in equity against the other party based entirely or in part on the terms of this Agreement, the prevailing party shall be entitled to recover from the losing party, in addition to any judgment, reasonable attorneys' fees, court costs and all of the prevailing party's expenses in connection with any action at law.

22.4 No failure, forbearance, neglect or delay of any kind on the part of Franchisor in connection with the enforcement or exercise of any rights under this Agreement shall affect or diminish Franchisor's right to strictly enforce and take full benefit of each provision of this Agreement at any time, whether at law for damages, in equity for injunctive relief or specific performance, or otherwise. No custom, usage or practice with regard to this Agreement by Franchisee or Franchisor's other franchisees shall preclude the strict enforcement of this Agreement in accordance with its literal terms. No waiver by Franchisor of performance of any provision of this Agreement shall constitute or be implied as a waiver of Franchisor's right to enforce that provision at any future time. No interpretation, change, termination or waiver of any provision of this Agreement, and no consent or approval under this Agreement, shall be binding upon Franchisee or Franchisor or effective unless in writing signed by Franchisee and Franchisor's CEO, President or Vice President, except that a waiver need be signed only by the party waiving.

22.5 This Agreement, together with the Franchise Disclosure Document, the Operations Manual, any written related agreements, all Exhibits, Attachments, and the State Addenda attached to the Disclosure Document, constitutes the entire understanding and agreement between Franchisee and Franchisor and supersedes all prior understandings, whether oral or written, pertaining to this Agreement, the License, the System or the Picklr Franchise. Nothing in the Franchise Agreement or in any related agreement is intended to disclaim the representations made in the Franchise Disclosure Document.

22.6 The headings of the sections hereof are for convenience only and do not define, limit or construe the contents of the sections of such Sections or other Sections. The term "**Franchisee**" as used herein is applicable to one or more persons, a corporation, limited liability company, a partnership or other business entity, as the case may be, and the singular usage (where applicable) includes the plural and the masculine and neuter usages (where applicable) include the other and the feminine. The term "**Lease**" shall include a sublease, and a renewal or extension of a lease or sublease.

22.7 When calculating the date upon which or the time within which any act is to be done pursuant to this Agreement, the date which is the reference date in calculating such period shall be excluded; if the last day of such period is a non-business day, the period in question shall end on the next business day. Time shall be of the essence of this Agreement and of every part thereof.



22.8 Neither party hereto shall be liable for any loss or damage due to any delay in the due performance of the terms hereof (except for the payment of money) by reason of strikes, lockouts and other labor relations, fires, riots, wars, embargoes and civil commotion, or acts of God (“**Force Majeure Event**”). Any such delay shall extend performance only so long as such event is in progress except such Force Majeure Event will not affect or change Franchisee's obligation to pay Royalty Fees and National Marketing Fees when due. Notwithstanding the foregoing, if there is a Force Majeure Event, Franchisor, may in its discretion, elect to waive the Royalty Fees and National Marketing Fees during the period of delay caused by the Force Majeure Event or such shorter period.

22.9 Franchisee shall execute and deliver such further instruments, contracts, forms and other documents, and shall perform such further acts, as may be necessary or desirable, to carry out, complete and perform all terms, covenants and obligations herein contained. Franchisee hereby irrevocably appoints Franchisor as his attorney, which appointment is coupled with an interest, and hereby empowers it to execute such instruments regarding the Marks for and in Franchisee's name in order to give full effect to Sections 11, 12, 15, and 17 of this Agreement. Franchisee hereby declares that the power of attorney herein granted may be exercised during any subsequent legal incapacity on its part.

22.10 This Agreement shall be binding upon, and subject to Section 16 hereof, shall inure to the benefit of, Franchisor's and Franchisee's successors and permitted assigns. This Agreement may only be modified or amended by a written document executed by Franchisee and Franchisor. Franchisee acknowledges that Franchisor may modify its standards and specifications and operating and marketing techniques set forth in the Operations Manual unilaterally under any conditions and to the extent in which Franchisor, in its discretion, deems necessary to protect, promote, or improve the Marks, and the quality of the System, but under no circumstances will such modifications be made arbitrarily without such determination. Notwithstanding anything herein to the contrary, Franchisor shall have the right unilaterally to reduce the scope of any covenants of Franchisee contained in this Agreement upon notice to Franchisee, whereupon Franchisee shall comply therewith as so modified.

22.11 Franchisor's Reasonable Business Judgment. Whenever Franchisor reserves discretion in a particular area or where Franchisor agrees to exercise Franchisor's rights reasonably or in good faith, Franchisor will satisfy Franchisor's obligations whenever Franchisor exercises reasonable business judgment (“**Reasonable Business Judgment**”) in making Franchisor's decision or exercising Franchisor's rights. Franchisor's decisions or actions will be deemed to be the result of Reasonable Business Judgment, even if other reasonable or even arguably preferable alternatives are available, if Franchisor's decision or action is intended, in whole or significant part, to promote or benefit the System generally even if the decision or action also promotes Franchisor's financial or other individual interest. Examples of items that will promote or benefit the System include, without limitation, enhancing the value of the Marks, improving customer service and satisfaction, improving product quality, improving uniformity, enhancing or encouraging modernization and improving the competitive position of the System.

22.12 From time to time, Franchisor shall have the right to delegate the performance of any portion or all of its obligations and duties hereunder to third parties, whether the same are agents of Franchisor or independent contractors which Franchisor has contracted with to provide such services. Franchisee agrees in advance to any such delegation by Franchisor of any portion or all of its obligations and duties hereunder.

## 23. ACKNOWLEDGEMENT

BEFORE SIGNING THIS AGREEMENT, FRANCHISEE SHOULD READ IT CAREFULLY WITH THE ASSISTANCE OF LEGAL COUNSEL.

FRANCHISEE ACKNOWLEDGES AND AGREES THAT:

1. NO STATEMENT, REPRESENTATION OR OTHER ACT, EVENT OR COMMUNICATION, EXCEPT AS SET FORTH IN THIS AGREEMENT, IS BINDING ON FRANCHISOR IN CONNECTION WITH THE SUBJECT MATTER OF THIS AGREEMENT; AND

2. FRANCHISEE HAD A COMPLETE COPY OF FRANCHISOR'S FRANCHISE DISCLOSURE DOCUMENT IN ITS POSSESSION FOR A PERIOD OF TIME NOT LESS THAN FOURTEEN CALENDAR DAYS AND A COMPLETE COPY OF THIS AGREEMENT, WITH ALL BLANKS FILLED IN, IN ITS POSSESSION FOR A PERIOD OF TIME NOT LESS THAN SEVEN CALENDAR DAYS, DURING WHICH TIME FRANCHISEE HAD THE OPPORTUNITY TO SUBMIT THE SAME FOR PROFESSIONAL REVIEW AND ADVICE OF FRANCHISEE'S CHOOSING PRIOR TO FREELY EXECUTING THIS AGREEMENT. FRANCHISEE ACKNOWLEDGES THAT IT HAS HAD AMPLE TIME AND OPPORTUNITY TO INVESTIGATE FRANCHISOR'S PICKLR FRANCHISE AND TO CONSULT WITH LEGAL AND FINANCIAL ADVISORS OF ITS CHOICE; AND

3. FRANCHISEE HAS CONDUCTED AN INDEPENDENT INVESTIGATION OF THE SYSTEM AND RECOGNIZES THAT THE PICKLR FRANCHISE CONTEMPLATED BY THIS AGREEMENT AND ITS SUCCESS INVOLVES SUBSTANTIAL BUSINESS RISK AND WILL BE LARGELY DEPENDENT UPON THE ABILITY OF FRANCHISEE AS AN INDEPENDENT BUSINESS PERSON AND ITS ACTIVE PARTICIPATION IN THE DAILY AFFAIRS OF THE PICKLR FRANCHISE. FRANCHISEE HEREBY ASSUMES THE RESPONSIBILITY FOR ITS SUCCESS OR FAILURE OF THE PICKLR FRANCHISE; AND

4. FRANCHISOR HAS NOT PROVIDED ANY STATEMENT, REPRESENTATION OR OTHER ACT, EVENT OR COMMUNICATION OF ACTUAL, AVERAGE, PROJECTED, FORECASTED OR POTENTIAL PURCHASES, SALE, COST, EARNINGS, INCOME OR PROFITS TO FRANCHISEE OTHER THAN STATED IN THE FRANCHISE DISCLOSURE DOCUMENT; AND

5. FRANCHISOR EXPRESSLY DISCLAIMS THE MAKING OF, AND FRANCHISEE ACKNOWLEDGES THAT IT HAS NOT RECEIVED, ANY ASSURANCE, WARRANTY OR GUARANTEE, EXPRESSED OR IMPLIED, AS TO THE POTENTIAL VOLUME, PROFITS, EARNINGS OR SUCCESS OF THE PICKLR FRANCHISE CONTEMPLATED BY THIS AGREEMENT.

This entire Agreement, including corrections, changes, and all attachments and addenda, will only be binding upon Franchisor when executed or initialed by Franchisor's authorized representative.

*[Signatures on following page]*

**IN WITNESS WHEREOF**, the parties have executed this Agreement as of the date first above set forth.

**PICKLR FRANCHISE INC.**

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

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

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

**FRANCHISEE:**

\_\_\_\_\_

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

Individually

OR:  
(if a corporation or partnership)

\_\_\_\_\_  
Company Name

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

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

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

**ATTACHMENT A  
TO FRANCHISE AGREEMENT**

**DATA SHEET AND STATEMENT OF OWNERSHIP**

1. **Picklr Facility Address:** \_\_\_\_\_
2. **Search Area:** \_\_\_\_\_
3. **Protected Area:** \_\_\_\_\_
4. **Projected Opening Date.** Franchisee anticipates that Franchisee will open the PicklR Facility for business on or about one year from date of signing the Franchise Agreement.
4. **Effective Date.** The Effective Date set forth in the introductory paragraph of the Franchise Agreement is: \_\_\_\_\_.
5. **Initial Franchise Fee:** Franchisee shall pay to Franchisor an Initial Franchise Fee equal to \$\_\_\_\_\_ which will be paid by Franchisee at the time the Franchisee and Franchisor sign this Franchise Agreement. If Franchisee fails to successfully complete the Initial Training Program, Franchisor may terminate the Franchise Agreement and upon receipt from Franchisee of a general release in a form approved by Franchisor, refund a portion of the Initial Franchise Fee; the portion refunded will be the Initial Franchise Fee less the costs Franchisor incurred in the process of approving the Franchisee, Franchisee's training and any other administrative expenses. If Franchisee signs this Franchise Agreement without first selecting a location for a PicklR Facility for the PicklR Franchise identified and Franchisee is unable to locate and obtain Franchisor's authorization for Premises within 12 months after the Effective Date, Franchisor may terminate the Franchise Agreement at Franchisor's option, in which event Franchisor will refund the Initial Franchise Fee actually paid to Franchisor less \$10,000 for the site selection services Franchisor provided to Franchisee upon receipt from Franchisee of a general release in a form approved by Franchisor. If Franchisee signs the Franchise Agreement in a situation where a franchise broker has been involved in the acquisition or sale of this PicklR Franchise, the Initial Franchise Fee is non-refundable under any circumstances. The Initial Franchise Fee is deemed fully earned by Franchisor once fully paid and is non-refundable.
6. **Franchisee Contact Person.** The following individual is a shareholder, member, or partner of Franchisee and is the principal person to be contacted on all matters relating to the PicklR Franchise:

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

Daytime Telephone No.: \_\_\_\_\_

Cellular Telephone No.: \_\_\_\_\_

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

E-mail Address: \_\_\_\_\_

7. **Statement of Ownership.** If Franchisee is a corporation, limited liability company, partnership or other business entity, the undersigned agree and acknowledge that the following is a complete list of all of the shareholders, members, managers, officers, and/or partners of Franchisee and the percentage interest of each individual:

<u>Name</u>	<u>Position/Title</u>	<u>Interest (%)</u>
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

IN WITNESS WHEREOF, the undersigned has duly executed this Attachment A to the Franchise Agreement on this \_\_\_\_\_.

**FRANCHISEE**

\_\_\_\_\_

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

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

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

**OWNERS**

**(SHAREHOLDERS/MEMBERS/PARTNERS/ETC.)**

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

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

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

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

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

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

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

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

**ATTACHMENT B  
TO FRANCHISE AGREEMENT**

**EFT AUTHORIZATION AGREEMENT  
(DIRECT DEBITS)**

The undersigned depositor (“**Depositor**”) hereby authorizes PICKLR FRANCHISE INC. (“**Company**”) to initiate debit entries and/or credit correction entries to the undersigned’s checking and/or savings account(s) indicated below and the depository designated below (“**Depository**”) to debit such account pursuant to Company’s instructions.

\_\_\_\_\_  
Depository

\_\_\_\_\_  
Branch

\_\_\_\_\_  
Address

\_\_\_\_\_  
City, State, Zip Code

\_\_\_\_\_  
Bank Transit/ABA Number

\_\_\_\_\_  
Account Number

This authority is to remain in full force and effect until Depository has received joint written notification from Company and Depositor of the Depositor’s termination of such authority in such time and in such manner as to afford Depository a reasonable opportunity on which to act. If an erroneous debit entry is initiated to Depositor’s account, Depositor shall have the right to have the amount of such entry credited to such account by Depository, if (a) within fifteen (15) calendar days following the date on which Depository sent to Depositor a statement of account or a written notice pertaining to such entry or (b) forty-five (45) days after posting, whichever occurs first, Depositor shall have sent to Depository a written notice identifying such entry, stating that such entry was in error and requesting Depository to credit the amount thereof to such account. These rights are in addition to any rights Depositor may have under federal and state banking laws.

\_\_\_\_\_  
**Depositor**

\_\_\_\_\_  
**Depository**

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

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

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

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

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

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

**ATTACHMENT C  
TO FRANCHISE AGREEMENT**

**OWNERS AGREEMENT**

As a condition to the granting by Picklr Franchise Inc. (“**Franchisor**”) of a Franchise Agreement with \_\_\_\_\_ (“**Franchisee**”), each of the undersigned individuals (“**Owners**”), who constitute all of the owners of a beneficial interest in Franchisee, as well as their respective spouses, covenant and agree to be bound by this Owners Agreement (“**Owners Agreement**”).

**1. Acknowledgments.**

1.1 Franchise Agreement. Franchisee entered into a franchise agreement with us effective as of \_\_\_\_\_ (“**Franchise Agreement**”). Capitalized words not defined in this Owners Agreement will have the same meanings ascribed to them in the Franchise Agreement.

1.2 Owners’ Role. Owners are the beneficial owners of all of the equity interest in Franchisee and acknowledge there are benefits received and to be received by each Owner, jointly and severally, and for themselves, their heirs, legal representatives and assigns. Franchisee’s obligations under the Franchise Agreement, including the confidentiality and non-compete obligations, would be of little value to Franchisor if Franchisee’s Owners were not bound by the same requirements. Under the provisions of the Franchise Agreement, Owners are required to enter into this Owners Agreement as a condition to Franchisor’s entering into the Franchise Agreement with Franchisee. Owners will be jointly and severally liable for any breach of this Owners Agreement.

**2. Non-Disclosure and Protection of Confidential Information.**

Under the Franchise Agreement, Franchisor will provide Franchisee with specialized training, proprietary trade secrets, and other Confidential Information relating to the establishment and operation of a franchised business. The provisions of the Franchise Agreement governing Franchisee’s non-disclosure obligations relating to our Confidential Information are hereby incorporated into this Owners Agreement by reference, and Owners agree to comply with each obligation as though fully set forth in this Owners Agreement as a direct and primary obligation of Owners. Further, Franchisor may seek the same remedies against Owners under this Owners Agreement as Franchisor may seek against Franchisee under the Franchise Agreement. Any and all information, knowledge, know-how, techniques, and other data, which Franchisor designates as confidential, will also be deemed Confidential Information for purposes of this Owners Agreement.

**3. Covenant Not To Compete.**

3.1 Non-Competition During and After the Term of the Franchise Agreement. Owners acknowledge that as a participant in Franchisor’s system, Owners will receive proprietary and confidential information and materials, trade secrets, and the unique methods, procedures and techniques which Franchisor has developed. The provisions of the Franchise Agreement governing Franchisee’s restrictions on competition both during the term of the Franchise Agreement and following the expiration or termination of the Franchise Agreement are hereby incorporated into this Owners Agreement by reference, and Owners agree to comply with and perform each such covenant as though fully set forth in this Owners Agreement as a direct and primary obligation of Owners. Further, Franchisor may seek the same remedies against Owners under this Owners Agreement as Franchisor may seek against Franchisee under the Franchise Agreement.

3.2 Construction of Covenants. The parties agree that each such covenant related to non-competition will be construed as independent of any other covenant or provision of this Owners Agreement. If all or any portion of a covenant referenced in this Section 3 is held unreasonable or unenforceable by a court or agency having valid jurisdiction in a final decision to which Franchisor is a party, Owners agree to be bound by any lesser covenant subsumed within the terms of such covenant that imposes the maximum duty permitted by law, as if the resulting covenant were separately stated in and made a part of this Section 3.

3.3 Franchisor's Right to Reduce Scope of Covenants. Additionally, Franchisor has the right, in its sole discretion, to unilaterally reduce the scope of all or part of any covenant referenced in this Section 3 of this Owners Agreement, without Owners' consent (before or after any dispute arises), effective when Franchisor gives Owners written notice of this reduction. Owners agree to comply with any covenant as so modified.

#### **4. Guarantee.**

4.1 Payment. Owners will pay Franchisor (or cause Franchisor to be paid) all monies payable by Franchisee under the Franchise Agreement on the dates and in the manner required for payment in the relevant agreement.

4.2 Performance. Owners unconditionally guarantee full performance and discharge by Franchisee of all of Franchisee's obligations under the Franchise Agreement on the date and times and in the manner required in the relevant agreement.

4.3 Indemnification. Owners will indemnify, defend and hold harmless Franchisor, all of its affiliates, and the respective shareholders, directors, partners, employees, and agents of such entities, against and from all losses, damages, costs, and expenses which Franchisor or they may sustain, incur, or become liable for by reason of: (a) Franchisee's failure to pay the monies payable (to Franchisor or any of its affiliates) pursuant to the Franchise Agreement, or to do and perform any other act, matter, or thing required by the Franchise Agreement; or (b) any action by Franchisor to obtain performance by Franchisee of any act, matter, or thing required by the Franchise Agreement.

4.4 No Exhaustion of Remedies. Owners acknowledge and agree that Franchisor will not be obligated to proceed against Franchisee or exhaust any security from Franchisee or pursue or exhaust any remedy, including any legal or equitable relief against Franchisee, before proceeding to enforce the obligations of the Owners as guarantors under this Owners Agreement, and the enforcement of such obligations can take place before, after, or contemporaneously with, enforcement of any of Franchisee's debts or obligations under the Franchise Agreement.

4.5 Waiver of Notice. Without affecting Owners' obligations under this Section 4, Franchisor can extend, modify, or release any of Franchisee's indebtedness or obligation, or settle, adjust, or compromise any claims against Franchisee, all without notice to the Owners. Owners waive notice of amendment of the Franchise Agreement and notice of demand for payment or performance by Franchisee.

4.6 Effect of Owner's Death. Upon the death of an Owner, the estate of such Owner will be bound by the obligations in this Section 4, but only for defaults and obligations hereunder existing at the time of death; and the obligations of any other Owners will continue in full force and effect.



## **5. Transfers.**

Owners acknowledge and agree that Franchisor has granted the Franchise Agreement to Franchisee in reliance on Owners' business experience, skill, financial resources and personal character. Accordingly, Owners agree not to sell, encumber, assign, transfer, convey, pledge, merge or give away any direct or indirect interest in this Franchisee, unless Owners first comply with the sections in the Franchise Agreement regarding Transfers. Owners acknowledge and agree that any attempted Transfer of an interest in Franchisee requiring Franchisor's consent under the Franchise Agreement for which Franchisor's express written consent is not first obtained will be a material breach of this Owners Agreement and the Franchise Agreement.

## **6. Notices.**

6.1 Method of Notice. Any notices given under this Owners Agreement shall be in writing and delivered in accordance with the provisions of the Franchise Agreement.

6.2 Notice Addresses. Our current address for all communications under this Owners Agreement is:

Picklr Franchise Inc.  
559 S. Deseret Drive  
Kaysville, UT 84037

The current address of each Owner for all communications under this Owners Agreement is designated on **Attachment A** to the Franchise Agreement. Any party may designate a new address for notices by giving written notice to the other parties of the new address according to the method set forth in the Franchise Agreement.

## **7. Enforcement of This Owners Agreement.**

7.1 Dispute Resolution. Any claim or dispute arising out of or relating to this Owners Agreement shall be subject to the dispute resolution provisions of the Franchise Agreement. This agreement to engage in such dispute resolution process shall survive the termination or expiration of this Owners Agreement.

7.2 Choice of Law; Jurisdiction and Venue. This Owners Agreement and any claim or controversy arising out of, or relating to, any of the rights or obligations under this Owners Agreement, and any other claim or controversy between the parties, will be governed by the choice of law and jurisdiction and venue provisions of the Franchise Agreement.

7.3 Provisional Remedies. Franchisor has the right to seek from an appropriate court any provisional remedies, including temporary restraining orders or preliminary injunctions to enforce Owners' obligations under this Owners Agreement. Owners acknowledge and agree that there is no adequate remedy at law for Owners' failure to fully comply with the requirements of this Owners Agreement. Owners further acknowledge and agree that, in the event of any noncompliance, Franchisor will be entitled to temporary, preliminary, and permanent injunctions and all other equitable relief that any court with jurisdiction may deem just and proper. If injunctive relief is granted, Owners' only remedy will be the court's dissolution of the injunctive relief. If the injunctive relief was wrongfully issued, Owners expressly waive all claims for damages they incurred as a result of the wrongful issuance.

## 8. Miscellaneous.

8.1 No Other Agreements. This Owners Agreement constitutes the entire, full and complete agreement between the parties, and supersedes any earlier or contemporaneous negotiations, discussions, understandings or agreements. There are no representations, inducements, promises, agreements, arrangements, or undertakings, oral or written, between the parties relating to the matters covered by this Owners Agreement, other than those in this Owners Agreement. No other obligations, restrictions or duties that contradict or are inconsistent with the express terms of this Owners Agreement may be implied into this Owners Agreement. Except for unilateral reduction of the scope of the covenants permitted in Section 3.3 (or as otherwise expressly provided in this Owners Agreement), no amendment, change or variance from this Owners Agreement will be binding on either party unless it is mutually agreed to by the parties and executed in writing. Time is of the essence.

8.2 Severability. Each provision of this Owners Agreement, and any portions thereof, will be considered severable. If any provision of this Owners Agreement or the application of any provision to any person, property or circumstances is determined by a court of competent jurisdiction to be invalid or unenforceable, the remainder of this Owners Agreement will be unaffected and will still remain in full force and effect. The parties agree that the provision found to be invalid or unenforceable will be modified to the extent necessary to make it valid and enforceable, consistent as much as possible with the original intent of the parties (i.e. to provide maximum protection for us and to effectuate the Owners' obligations under the Franchise Agreement), and the parties agree to be bound by the modified provisions.

8.3 No Third-Party Beneficiaries. Nothing in this Owners Agreement is intended to confer upon any person or entity (other than the parties and their heirs, successors and assigns) any rights or remedies under or by reason of this Owners Agreement.

8.4 Construction. Any term defined in the Franchise Agreement which is not defined in this Owners Agreement will be ascribed the meaning given to it in the Franchise Agreement. The language of this Owners Agreement will be construed according to its fair meaning, and not strictly for or against either party. All words in this Owners Agreement refer to whatever number or gender the context requires. Headings are for reference purposes and do not control interpretation

8.5 Binding Effect. This Owners Agreement may be executed in counterparts, and each copy so executed and delivered will be deemed an original. This Owners Agreement is binding on the parties and their respective heirs, executors, administrators, personal representatives, successors and (permitted) assigns.

8.6 Successors. References to "**Franchisor**" or "**the undersigned,**" or "**Franchisee**" include the respective parties' heirs, successors, assigns or transferees.

8.7 Nonwaiver. Franchisor's failure to insist upon strict compliance with any provision of this Owners Agreement shall not be a waiver of Franchisor's right to do so. Delay or omission by Franchisor respecting any breach or default shall not affect Franchisor's rights respecting any subsequent breaches or defaults. All rights and remedies granted in this Owners Agreement shall be cumulative.

8.8 No Personal Liability. Franchisee agrees that fulfillment of any and all of Franchisor's obligations written in the Franchise Agreement or this Owners Agreement, or based on any oral communications which may be ruled to be binding in a court of law, shall be Franchisor's sole responsibility and none of its owners, officers, agents, representatives, nor any individuals associated with Franchisor shall be personally liable to Franchisee for any reason.

8.9 Owners Agreement Controls. In the event of any discrepancy between this Owners Agreement and the Franchise Agreement, this Owners Agreement shall control.

IN WITNESS WHEREOF, the parties have entered into this Owners Agreement as of the effective date of the Franchise Agreement.

**OWNERS:**

\_\_\_\_\_  
[Insert Name of Owner]

\_\_\_\_\_  
[Insert Name of Spouse]

\_\_\_\_\_  
[Insert Name of Owner]

\_\_\_\_\_  
[Insert Name of Spouse]

\_\_\_\_\_  
[Insert Name of Owner]

\_\_\_\_\_  
[Insert Name of Spouse]

\_\_\_\_\_  
[Insert Name of Owner]

\_\_\_\_\_  
[Insert Name of Spouse]

**ATTACHMENT D  
TO FRANCHISE AGREEMENT**

**LEASE ADDENDUM**

This Addendum to Lease (“**Addendum**”), dated \_\_\_\_\_, 20\_\_\_\_\_, is entered into by and between \_\_\_\_\_ (“**Lessor**”), and \_\_\_\_\_ (“**Lessee**”). In the event of any contradiction or inconsistency between the terms and provisions of this Addendum and the terms and provisions of the Lease to which it is attached, the terms and provisions of this Addendum shall control and be interpreted in such a manner as to override any provision of the Lease which would prevent the spirit and letter of the terms and provisions of this Addendum from being given full force and effect. All defined terms not specifically defined in this Addendum shall be given the same meaning as the defined terms in the Lease.

A. The parties hereto have entered into a certain Lease Agreement (“**Lease**”), dated \_\_\_\_\_, 20\_\_\_\_\_, and pertaining to the premises located at \_\_\_\_\_ (“**Premises**”) which is part of the retail estate development known as \_\_\_\_\_ (“**Center**”).

B. Lessor acknowledges that Lessee intends to operate a Picklr franchise from the leased Premises pursuant to a Franchise Agreement (“**Franchise Agreement**”) with PICKLR FRANCHISE INC. (“**Franchisor**”) under the name “THE PICKLR” or other name designated by Franchisor (herein referred to as “**Picklr Franchise**”).

C. The parties now desire to amend the Lease in accordance with the terms and conditions contained herein.

**NOW, THEREFORE**, it is hereby mutually covenanted and agreed between Lessor and Lessee as follows:

1. Remodeling and Decor. Lessor agrees that Lessee shall have the right to remodel, install required fixtures and equipment, paint and decorate the interior of the Premises and to display the proprietary marks and signs on the interior and exterior of the Premises as Lessee is reasonably required to do pursuant to the Franchise Agreement and any successor Franchise Agreement under which Lessee may operate a Picklr Franchise on the Premises.

2. Assignment or Subletting. Lessee shall agree to attorn to any assignee of Lessor provided such assignee will agree not to disturb Lessee’s possession of Premises. Lessee shall have the right to assign or sublet all of its right, title and interest in the Lease, at any time during the term of the Lease, including any extensions or renewals thereof, without charge and without first obtaining Lessor’s consent in accordance with the Collateral Assignment of Lease attached hereto as **Attachment D-1**: (a) to Franchisor or Franchisor's parent, subsidiary, or affiliate, (b) to a duly authorized franchisee of Franchisor, (c) in connection with a merger, acquisition, reorganization or consolidation, or (d) in connection with the sale of Lessee’s corporate stock or assets to an authorized franchisee of Franchisor. However, no assignment or sublease shall be effective until such time as Franchisor, Franchisor’s parent or its designated subsidiary or affiliate gives Lessor written notice of its acceptance of the assignment, and nothing contained herein or in any other document shall constitute Franchisor, its parent or its designated subsidiary or affiliate a party to the Lease, or guarantor thereof, and shall not create any liability or obligation of Franchisor or Franchisor's parent, subsidiary or affiliate unless and until the Lease is assigned or sublet to, and accepted in writing by, Franchisor or Franchisor's parent, subsidiary or affiliate. In the event of any assignment or sublease, Lessee shall at all times remain liable under the terms of the Lease. Franchisor shall have the right to reassign or

sublease the Lease to another franchisee without the Lessor's consent in accordance with Section 4(a). Lessor understands and agrees that, in connection with Lessee's assignment or subletting of the Lease to a duly authorized franchisee of Franchisor, Franchisor shall be permitted to charge "additional rent" or "percentage rent" or other charges to its franchisee as part of its regular plan of franchising, and Lessor shall not be entitled to any consideration or additional rent as a result of any fees paid to Franchisor by franchisee pursuant to the Lease or otherwise.

3. Default and Notice.

(a) In the event there is a default or violation by Lessee under the terms of the Lease, Lessor shall give Lessee and Franchisor written notice of the default or violation within a reasonable time after Lessor receives knowledge of its occurrence. If Lessor gives Lessee a default notice, Lessor shall contemporaneously give Franchisor a copy of the notice. Franchisor shall have the right, but not the obligation, to cure the default. Franchisor will notify Lessor whether it intends to cure the default and take an automatic assignment of Lessee's interest as provided in Paragraph 4(a). Franchisor will have an additional fifteen (15) days from the expiration of Lessee's cure period in which it may exercise the option, but it is not obligated to cure the default or violation.

(b) All notices to Franchisor shall be sent by registered or certified mail, postage prepaid, or by a recognized overnight courier or delivery services to the following address:

PICKLR FRANCHISE INC.  
559 S. Deseret Drive  
Kaysville, UT 84037

and a copy (which shall not constitute Notice) to:

Trish MacAskill  
Akerman LLP  
1900 Sixteenth Street, Suite 950  
Denver, CO 80202

Franchisor may change its address for receiving notices by giving Lessor written notice of the new address. Lessor agrees that it will notify both Lessee and Franchisor of any change in Lessor's mailing address to which notices should be sent.

(c) Following Franchisor's authorization of the Lease, Lessee agrees not to terminate, or in any way alter or amend the same during the Term of the Franchise Agreement or any extension thereof without Franchisor's prior written consent, which shall be granted or denied in Franchisor's discretion, and any attempted termination, alteration or amendment shall be null and void and have no effect as to Franchisor's interests thereunder; and a clause to the effect shall be included in the Lease.

4. Termination or Expiration.

(a) Upon Lessee's default and failure to cure the default within the applicable cure period, if any, under either the Lease or the Franchise Agreement, Franchisor will, at its option, have the right, but not the obligation, to take an automatic assignment of Lessee's interest and at any time thereafter to re-assign or sublet the Lease to a new franchisee without Lessor's consent and to be fully released from any and all liability to Lessor upon the reassignment, provided new Franchisee agrees to assume Lessee's obligations and the Lease.

(b) Upon the expiration or termination of either the Lease or the Franchise Agreement, Lessor will cooperate with and assist Franchisor in securing possession of the Premises and if Franchisor does not elect to take an assignment of the Lessee's interest, Lessor will allow Franchisor to enter the Premises, without being guilty of trespass and without incurring any liability to Lessor, to remove all signs and all other items identifying the Premises as a Picklr Franchise and to make other modifications (such as repainting) as are reasonably necessary to protect the "THE PICKLR" marks and system, and to distinguish the Premises from a Picklr Franchise. In the event Franchisor exercises its option to purchase assets of Lessee, Lessor shall permit Franchisor to remove all the assets being purchased by Franchisor.

5. Consideration; No Liability.

(a) Lessor hereby acknowledges that the provisions of this Addendum to Lease are required pursuant to the Franchise Agreement under which Lessee plans to operate its Picklr Franchise and Lessee would not lease the Premises without this Addendum. Lessor also hereby consents to the Collateral Assignment of Lease from Lessee to Franchisor as evidenced by **Attachment D-1**.

(b) Lessor further acknowledges that Lessee is not an agent or employee of Franchisor and Lessee has no authority or power to act for, or to create any liability on behalf of, or to in any way bind Franchisor or any affiliate of Franchisor, and that Lessor has entered into this Addendum to Lease with full understanding that it creates no duties, obligations or liabilities of or against Franchisor or any affiliate of Franchisor.

6. Sales Reports and Inspection. If requested by Franchisor, Lessor will provide Franchisor with whatever information Lessor has regarding Lessee's sales from its Picklr Franchise. Lessor acknowledges that the Franchise Agreement grants Franchisor the right of inspection of Lessee's Premises, and Lessor agrees to cooperate with Franchisor's efforts to enforce Franchisor's inspection rights.

7. No Competition by Other Lessees of Lessor. Lessor agrees that it will not do business with nor lease to another business whose primary business is the operation of an indoor pickleball business.

8. No Radius Clause. Any radius restriction found in the Lease is hereby deleted.

9. No Relocation Clause. Any relocation clause found in the Lease is hereby deleted.

10. Casualty and Condemnation. In the event the Premises are completely or partially damaged by fire or other casualty or are condemned by a governmental agency in whole or in part, such that the Premises cannot, in Lessee's reasonable business judgment, be used by Lessee for their intended purposes, or can only be partially used by Lessee (it being understood that Lessee, in its reasonable business judgment, shall decide whether to remain open prior to the completion of repairs to the Premises) and this Lease is not terminated as otherwise provided in this Lease, there shall be an equitable abatement of rent, any percentage rent and other charges payable by Lessee hereunder for any days the Lessee cannot use the entire Premises. In the event the Premises are not repaired or restored by Lessor within 180 days after the date of the casualty or condemnation, Lessee may elect to terminate this Lease upon 30 days prior written notice to Lessor.

11. Common Areas-No Changes. Lessor shall not change or alter the common areas in any manner which would alter the dimensions or location of the Premises or adversely affect the use, operation or conduct of Lessee's business being conducted in the Premises, adversely affect the accessibility or visibility of the Premises or reduce the existing parking facilities by more than 10%.

12. Hazardous Materials. Lessor represents and warrants that the Premises are free of all asbestos, asbestos containing materials and other hazardous or toxic materials (collectively, "**Hazardous**

**Materials**”). Notwithstanding any provision of this Lease to the contrary, Lessee shall have no obligation to make any repairs, alterations or improvements to the Premises or incur any costs or expenses whatsoever as a result of Hazardous Materials in or about the Property, the Building or the Premises, other than those Hazardous Materials brought onto such areas by Lessee. Lessor shall be solely responsible for any changes to the Premises relating to Hazardous Materials, unless those Hazardous Materials were brought onto the Premises by Lessee. Lessor shall indemnify and hold Lessee harmless from and against all liabilities, costs, damages and expenses which Lessee may incur (including reasonable attorneys' fees) as the result of a breach of Lessor's representation and warranty set forth in this paragraph or the presence of Hazardous Materials in or about the Property, the Building or the Premises, unless those Hazardous Materials were brought onto such areas by Lessee.

13. Insurance and Waiver of Subrogation. Lessee may maintain the required liability insurance in the form of a blanket policy covering other locations of Lessee in addition to the Premises. Lessee may self-insure plate glass, so long as Lessee agrees not to hold Lessor liable for any losses resulting to plate glass. Whenever (i) any loss, cost, damage or expense resulting from fire, explosion or any other casualty is incurred to the Premises or contents thereof by either party to this Lease, and (ii) such party is covered in whole or in part by insurance with respect to such loss, cost, damage or expense, then the party so insured hereby releases the other party from any liability it may have on account of such loss, cost, damage or expense to the extent of any amount recovered by such insurance.

14. Lessor Warranties. Lessor represents, covenants and warrants (i) that Lessor has lawful title to the Center and has full right, power and authority to enter into this Lease; (ii) that the Center is in compliance with the Americans with Disabilities Act (“**ADA**”); (iii) that the permitted “use” of the Premises does not currently violate the terms of any of Lessor's insurance policies; (iv) that Lessor currently maintains all risk of physical loss coverage for the full replacement cost of the Center and shall maintain throughout the term of this Lease general liability insurance coverage for the Center consistent with that being maintained from time to time by reasonably prudent owners of properties similar to the Center in the same area; and (v) that so long as Lessee pays all monetary obligations due under this Lease and performs all other covenants contained herein, Lessee shall peacefully and quietly have, hold, occupy and enjoy the Premises during the term of this Lease and its use and occupancy thereof shall not be disturbed. Lessor covenants and agrees that Lessor shall take no action that will interfere with Lessee's intended usage of the Premises. Lessor shall indemnify and hold harmless Lessee and its officers, partners, agents and employees from and against any loss, cost, liability, damage or expense arising out of (x) Lessor's operation of the Center, (y) Lessor's breach in the performance of any of its obligations under this Lease, or (z) any violation of law by Lessor or any other act or omission of Lessor or its contractors, agents or employees. The foregoing indemnification shall survive expiration or termination of this Lease.

15. Lessor Work And Repair. Lessor shall perform all work described in the Lease and Exhibit \_\_\_ attached hereto and incorporated herein. Lessor shall be responsible for the payment of all tap fees and system development fees incurred in connection with Lessor's provision of utilities to the Premises. Utilities shall be “stubbed” to the Premises at no cost to Lessee. All Lessor work shall be performed in a workmanlike manner with quality materials in compliance with all laws, codes and all regulations. If Lessor's work is not performed as herein required, or if such work or the Center is not in compliance with all laws, codes or other regulations, Lessor shall perform the necessary remedial work at its sole cost and expense. Lessor covenants and agrees, at its sole cost and expense and without reimbursement or contribution by Lessee, to keep, maintain and replace, if necessary, the foundations, the exterior paint, the plumbing system, the electrical system, the utility and sewer lines and connections to the Premises, the sprinkler mains, if any, structural systems including, without limitation, the roof, roof membrane roof covering (including interior ceiling if damaged by leakage), load-bearing walls, floor slabs and masonry walls in good condition and repair.

16. Mitigation. Lessor shall use reasonable efforts to mitigate its damages in the event of a Lessee default.

17. Lessee Financing. Lessee shall have the right from time to time during the term of the Lease, and without Lessor's prior approval, to grant and assign a mortgage or other security interest in Lessee's interest under this Lease and all of Lessee's personal property located within the Premises to its lenders in connection with Lessee's financing arrangements and any lien of Lessor against Lessee's personal property (whether by statute or under the terms of this Lease) shall be subject and subordinate to such security interest. Lessor shall execute such documents as Lessee's lenders may reasonably request in connection with any such financing.

18. Continued Business Operation. Lessee may close its business once every five (5) years for a reasonable time to refurbish and redecorate the Premises.

19. Removal of Trade Dress/Personal Property. Lessor shall permit Lessee fifteen (15) days from the termination or expiration of the Lease to remove Lessee's property. Lessor shall permit Lessee to remove its trade dress within fifteen (15) days after the termination or expiration of the Lease or within fifteen (15) days after Lessee has received proper notice from Lessor of the termination or expiration pursuant to Section 18, whichever later occurs.

20. Alterations. Lessor's consent shall not be required for non-structural or non-mechanical alterations, additions or changes to the Premises.

21. Amendments. No amendment or variation of the terms of the Lease or this Addendum to the Lease shall be valid unless made in writing and signed by the parties hereto.

22. Reaffirmation of Lease. Except as amended or modified herein, all of the terms, conditions and covenants of the Lease shall remain in full force and effect and are incorporated herein by reference and made a part of this Agreement as though copies herein in full.

23. Beneficiary. Lessor and Lessee expressly agree that Franchisor is a third party beneficiary of this Addendum.

**IN TESTIMONY WHEREOF**, witness the signatures of the parties hereto as of the day, month and year first written above.

**LESSOR:**

**LESSEE:**

\_\_\_\_\_

\_\_\_\_\_

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

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



**ATTACHMENT D-1  
TO FRANCHISE AGREEMENT**

**COLLATERAL ASSIGNMENT OF LEASE**

FOR VALUE RECEIVED, as of the \_\_\_\_ day of \_\_\_\_, 20\_\_ (“**Effective Date**”), the undersigned, \_\_\_\_\_ (“**Assignor**”), hereby assigns, transfers and sets over unto PICKLR FRANCHISE INC. (“**Assignee**”) all of Assignor’s right, title and interest as Lessee, in, to and under that certain lease, a copy of which is attached hereto as **Exhibit A (“Lease”)** with respect to the premises located at \_\_\_\_\_ (“**Premises**”). This Collateral Assignment of Lease (“**Assignment**”) is for collateral purposes only and except as specified herein, Assignee shall have no liability or obligation of any kind whatsoever arising from or in connection with this Assignment unless Assignee shall take possession of the Premises demised by the Lease pursuant to the terms hereof and shall assume the obligations of Assignor thereunder.

Assignor represents and warrants to Assignee that it has full power and authority to so assign the Lease and its interest therein and that Assignor has not previously, and is not obligated to, assign or transfer any of its interest in the Lease or the Premises demised thereby.

Upon a default by Assignor under the Lease or under that certain franchise agreement (“**Franchise Agreement**”) for a Picklr Franchise between Assignee and Assignor, or in the event of a default by Assignor under any document or instrument securing the Franchise Agreement, Assignee shall have the right and is hereby empowered to take possession of the Premises demised by the Lease, expel Assignor therefrom, and, in that event, Assignor shall have no further right, title or interest in the Lease.

Assignor agrees it will not suffer or permit any surrender, termination, amendment or modification of the Lease without the prior written consent of Assignee. Through the term of the Franchise Agreement and any renewals thereto, Assignor agrees that it shall elect and exercise all options to extend the term of or renew the Lease not less than thirty (30) days before the last day that said option must be exercised, unless Assignee otherwise agrees or instructs in writing. Upon failure of Assignee to otherwise agree in writing, and upon failure of Assignor to so elect to extend or renew the Lease as stated herein, Assignor hereby irrevocably appoints Assignee as its true and lawful attorney-in-fact, which appointment is coupled with an interest, to exercise the extension or renewal options in the name, place and stead of Assignor for the sole purpose of effecting the extension or renewal.

**[SIGNATURES ON THE FOLLOWING PAGE]**

**IN WITNESS WHEREOF**, Assignor and Assignee have signed this Collateral Assignment of Lease as of the Effective Date first above written.

**ASSIGNOR:**

\_\_\_\_\_

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

Its: \_\_\_\_\_

**ASSIGNEE:**

**PICKLR FRANCHISE INC.**, a Utah corporation

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

Its: \_\_\_\_\_

**EXHIBIT A**

**LEASE  
With Respect to Premises Located at:**

---

(To Be Attached)

**ATTACHMENT E  
TO FRANCHISE AGREEMENT**

**CORPORATE GUARANTY AMENDMENT TO FRANCHISE AGREEMENT**

This Amendment (“**Amendment**”) to the Franchise Agreement is made and entered into on \_\_\_\_\_, 20\_\_\_\_, by and between **PICKLR FRANCHISE INC.**, a Utah Corporation (“**Franchisor**”) and \_\_\_\_\_ a \_\_\_\_\_ (the “**Franchisee**”).

**BACKGROUND**

A. Franchisor and Franchisee have entered into that certain Franchise Agreement dated \_\_\_\_\_ (“**Franchise Agreement**”) pursuant to which Franchisee will operate a Picklr Franchise at \_\_\_\_\_ (“**Picklr Facility**”).

B. Franchisee has requested that Franchisor serve as a backup guarantor of Franchisee’s lease dated \_\_\_\_\_, 20\_\_\_\_ for the Picklr Franchise (the “**Lease**”). Franchisor has agreed, subject to the terms of this Amendment, to serve as a partial guarantor under the Lease.

C. Franchisor and Franchisee desire to amend the terms of the Franchise Agreement by incorporating the terms of this Amendment into the Franchise Agreement. Capitalized terms not defined in this Amendment shall have the meanings set forth in the Franchise Agreement.

**AGREEMENT**

**NOW, THEREFORE**, in consideration of the mutual covenants and promises, and for other good and valuable consideration, the sufficiency and receipt of which are hereby acknowledged, and intending to be legally bound, the parties hereby agree as follows:

1. **FRANCHISOR’S GUARANTY OF LEASE.** Subject to the terms of this Amendment and to the terms of a guaranty negotiated by Franchisor and Franchisee’s landlord under the Lease, Franchisor agrees to guaranty Franchisee’s rent payments under the Lease. Franchisee acknowledges and agrees that: (i) Franchisor and the landlord under the Lease may not be able to reach agreement related to the terms of Franchisor’s guaranty; (ii) Franchisor may in its sole discretion elect not to enter into a guaranty with the landlord under the Lease; (iii) Franchisee is not a third party beneficiary of Franchisor’s guaranty under the Lease; (iv) Franchisor will not have any obligation or any liability under the Lease to Franchisee’s landlord unless and until the landlord has first exhausted all of its remedies against Franchisee as tenant under the Lease; (v) Franchisor’s agreement to guaranty certain of Franchisee’s obligations under the Lease does not constitute any representation or warranty by Franchisor that the Picklr Franchise will be successful or that the Lease is approved; (vi) Franchisor’s guaranty of the Lease does not release Franchisee of its obligations to comply with the terms of the Franchise Agreement related to the Lease and construction of the Picklr Franchise; and (vii) Franchisor shall have no liability of any kind to Franchisee under the guaranty. If Franchisor does not for any reason make any payment or take any action which Franchisee’s landlord demands of Franchisor, Franchisee hereby waives its right to make any claim of any sort against Franchisor.

2. **PAYMENT TO FRANCHISOR.** In consideration of Franchisor’s guaranty of the Lease, Franchisee shall pay Franchisor \$\_\_\_\_\_, which represents approximately one percent (1%) of the outstanding lease guaranty balance at the end of each calendar quarter.

3. **ADDITIONAL FRANCHISE AGREEMENT PROVISIONS.** Franchisor and Franchisee agree to amend the Franchise Agreement as a material inducement to Franchisor entering into this Amendment as follows: Section 18.1(t) shall be added to the end of Section 18.1 as follows:

(t) Franchisee suffers cancellation of or fails to renew or extend a lease or otherwise fails to maintain possession of the Picklr Facility without Franchisor's written consent, or Franchisor is obligated to make any payments to Franchisee's landlord under a guaranty of the lease or otherwise."

4. **CONFIDENTIALITY.** Franchisee agrees to keep the terms of this Amendment confidential and not disclose the contents of this Amendment to any third party, excluding Franchisee's representatives, without the prior written consent of Franchisor.

5. **AMENDMENT BINDING.** This Amendment will be binding upon and inure to the benefit of each party and to each party's respective successors and assigns.

6. **FURTHER ASSURANCE.** Each of the parties will, upon reasonable request of the other, sign any additional documents necessary or advisable to fully implement the terms and conditions of this Amendment.

7. **REAFFIRMATION.** Except as specifically modified by this Amendment, all of the terms and conditions of the Franchise Agreement (including provisions for notice, construction, and dispute resolution) are reaffirmed in their entirety. In the event of any inconsistency between the provisions of the Franchise Agreement and this Amendment, the terms of this Amendment shall control.

IN WITNESS WHEREOF, Franchisor and Franchisee have executed this Amendment as of the date first written above.

**FRANCHISOR:**

**PICKLR FRANCHISE INC.**  
a Utah corporation

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

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

**FRANCHISEE:**

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

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

**ATTACHMENT F  
TO FRANCHISE AGREEMENT**

**SBA ADDENDUM**

**Picklr Franchise Inc.**

THIS SBA ADDENDUM (“**SBA Addendum**”) is made and entered into on \_\_\_\_\_,  
by **Picklr Franchise Inc.**, located at 559 S. Deseret Drive, Kaysville, UT 84037 (**Franchisor**), and  
\_\_\_\_\_, located at \_\_\_\_\_ (**Franchisee**).

**Recitals**

Franchisor and Franchisee entered into a Franchise (or License) Agreement on \_\_\_\_\_,  
 (“**Franchise Agreement**”). The Franchisee agreed among other things to operate a Picklr Franchise located  
at \_\_\_\_\_ (“**Picklr Facility**”). Franchisee has obtained from a  
lender a loan (“**Loan**”) in which funding is provided with the assistance of the United States Small Business  
Administration (“**SBA**”). The SBA requires the execution of this Addendum as a condition for obtaining  
the SBA assisted financing.

NOW, THEREFORE, in consideration of the mutual promises below, and for good and valuable  
considerations in hand paid by each of the parties to the others, the receipt and sufficiency of which the  
parties acknowledge, the parties agree as follows:

Franchise Agreement is in full force and effect, and Franchisor has sent no official notice of default  
to Franchisee under the Franchise Agreement that remains uncured on the date hereof.

Franchisor will not unreasonably withhold, delay, or condition its consent to any proposed transfer  
or assignment by Franchisee which requires Franchisor’s consent under Section 16 of the Franchise  
Agreement.

This Addendum automatically terminates on the earliest to occur of the following: (i) a Termination  
occurs under the Franchise Agreement; (ii) the Loan is paid in full; or (iii) SBA no longer has any interest  
in the Loan.

IN WITNESS WHEREOF, the parties hereto have duly signed and executed this Addendum as of  
the day and year first above written.

**FRANCHISOR:**

**FRANCHISEE:**

**PICKLR FRANCHISE INC.**

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

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

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

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

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

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

**EXHIBIT C**

**PICKLR FRANCHISE INC.**

**MULTI-UNIT DEVELOPMENT AGREEMENT**

# THE PICKLR

**PICKLR FRANCHISE INC.**

## **MULTI-UNIT DEVELOPMENT AGREEMENT**

**Multi-Unit Developer:** \_\_\_\_\_

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

**Territory:** \_\_\_\_\_



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### **ATTACHMENTS:**

Attachment A:	Development Term, Description of Development Territory, and Calculation of Multi-Unit Development Fee
Attachment B:	Development Schedule
Attachment C:	Personal Guaranty
Attachment D:	Statement of Shareholders/Members/Partners

**PICKLR FRANCHISE INC.  
MULTI-UNIT DEVELOPMENT AGREEMENT**

**THIS MULTI-UNIT DEVELOPMENT AGREEMENT (“Development Agreement”)** is made and entered into on \_\_\_\_\_, (“**Effective Date**”) by and between Picklr Franchise Inc., a Utah corporation (“**Franchisor**”), with a business address at 559 S. Deseret Drive, Kaysville, Utah 84037 and \_\_\_\_\_, with its business address at \_\_\_\_\_ (“**Multi-Unit Developer**”).

**WITNESSETH:**

**WHEREAS**, Franchisor holds the exclusive franchise rights to a proprietary system which has been developed through significant expenditures of time, skill, effort and money (“**System**”) relating to the operation of a premier indoor pickleball facility and event center, including court reservations, leagues, tournaments, clinics, private/corporate events, pro shop, simple pre-packaged food and beverages (some facilities may offer alcoholic beverages for sale, along with “grab-and-go” prepackaged food) and sponsorships (“**Picklr Franchise**”); and

**WHEREAS**, the System features use of the Marks (defined below), a distinctive exterior and interior design, decor, color scheme, fixtures and furnishings for the Picklr Facility, as well as uniform standards, specifications, methods, policies and procedures for Picklr Franchise operations, proprietary inventory and management control, training and assistance, and advertising and promotional programs (all as further defined in the Operations Manual), all of which may be changed, improved upon, and further developed occasionally by Franchisor;

**WHEREAS**, Franchisor, through its dedicated operations, marketing methods, and merchandising policies, has developed the reputation, public image and goodwill of its System and established a firm foundation for its franchised operations consisting of the highest standards of training, management, supervision, appearance, and quality of services and products;

**WHEREAS**, the System is identified by means of certain trademarks, including the marks “THE PICKLR” and any other trade names, service marks, and trademarks as are now, and may hereafter be, designated for use in connection with the System (“**Marks**”);

**WHEREAS**, Franchisor continues to develop, expand, use, control and add to the Marks and the System for the benefit of and exclusive use by Franchisor and its franchisees in order to identify for the public the source of the products and services marketed thereunder and to represent the System’s high standards of quality and service;

**WHEREAS**, Multi-Unit Developer desires to obtain the exclusive right to develop, construct, manage and operate a series of Picklr Franchises under the development schedule described in **Attachment B** attached hereto (“**Development Schedule**”) and within the territory described in **Attachment A** attached hereto (“**Development Territory**”), under the System and Marks, as well as to receive the training and other assistance provided by Franchisor in connection therewith;

**WHEREAS**, the Multi-Unit Developer hereby acknowledges that it has read this Development Agreement and Franchisor’s Franchise Disclosure Document (“**Disclosure Document**”), and that it understands and accepts the terms, conditions and covenants contained in this Development Agreement as being reasonably necessary to maintain Franchisor’s high standards of quality and service and the uniformity of those standards at all Picklr Franchises which operate pursuant to the System and thereby to protect and preserve the goodwill of the System and the Marks; and

**WHEREAS**, Multi-Unit Developer understands and acknowledges the importance of Franchisor's uniformly high standards of quality and service and the necessity of operating Picklr Franchises in strict conformity with Franchisor's quality control standards and specifications.

**NOW, THEREFORE**, the parties, in consideration of the promises, undertakings and commitments of each party to the other party set forth herein, hereby mutually agree as follows:

## **1. GRANT**

1.1 Franchisor hereby grants to Multi-Unit Developer the right and license to develop, construct, operate and manage the number of Picklr Franchises specified on **Attachment A** in strict accordance with the System and under the Marks within the Development Territory described in **Attachment A**. Each Picklr Franchise shall be operated according to the terms of the individual franchise agreement ("**Franchise Agreement**") with respect thereto.

1.2 If the Multi-Unit Developer is developing Picklr Franchises, and complies with the terms of this Development Agreement, the Development Schedule, and the individual Franchise Agreement for each Picklr Franchise, then Franchisor will not franchise or license others, nor will it itself directly or indirectly develop, own, lease, construct or operate in any manner, any Picklr Franchise in the Development Territory during the term hereof; however, Franchisor reserves the right to sell products and services under the Marks or any other marks, through any other retail location or through any other channels of distribution, including through mail order, catalogue sales or over the Internet. Franchisor also reserves the right to (a) establish, operate or license to any other person or entity the right to establish or operate a Picklr Franchise owned or licensed by Franchisor at any location outside the Development Territory; (b) develop, lease and license the use of, at any location inside or outside of the Development Territory, trademarks other than the Marks, in connection with the operation of a system which offers products or services which are similar to or different from those offered under the System, on any terms or conditions which Franchisor deems advisable; (c) merge with, or be acquired by any other business, including a business that competes with Picklr Franchises operated by Multi-Unit Developer, or to acquire and convert to the System operated by Franchisor any business that offers the operation of a premier indoor pickleball facility and event center, including court reservations, leagues, tournaments, clinics, private/corporate events, pro shop, simple pre-packaged food and beverages (some facilities may offer alcoholic beverages for sale, along with "grab-and-go" prepackaged food) and sponsorships and the sale of related products operated by competitors, located inside or outside of the Development Territory or otherwise operated independently as part of, or in association with, any other system or chain, whether franchised or corporately owned; and (d) implement multi-area marketing programs which may allow Franchisor or others to solicit or sell to customers anywhere, and to issue mandatory policies to coordinate these multi-area marketing programs. Upon the expiration or termination of this Development Agreement, the Multi-Unit Developer will no longer have an exclusive Development Territory and each Picklr Franchise will be limited to operating solely at the franchised location ("**Franchised Location**") described in the individual Franchise Agreement.

1.3 This Development Agreement is not a franchise agreement and Multi-Unit Developer has no right to use in any manner the Marks or System by virtue hereof. Each Picklr Franchise will be governed by the individual Franchise Agreement signed by Franchisor and Multi-Unit Developer for each Picklr Franchise.

1.4 The Multi-Unit Developer must contribute some amount of its personal capital to the development of each Picklr Franchise and must own at least a 51% equity interest in each Picklr Franchise developed hereunder. In addition, Multi-Unit Developer shall ensure that a person ("**Designated Business Manager**") shall at all times devote his or her full time and attention to managing, supervising, and developing each Picklr Franchise and that the person is at all times identified to Franchisor. Multi-Unit

Developer shall identify all equity owners of Multi-Unit Developer by completing the Statement of Shareholders/Members/Partners attached to this Development Agreement as **Attachment D**. Multi-Unit Developer shall provide Franchisor with an updated form of **Attachment D** within 10 business days of any change in the equity ownership of Multi-Unit Developer. The failure of Multi-Unit Developer to provide Franchisor with an updated **Attachment D** within the time frame specified in this Section 1.4 shall constitute a material default of this Development Agreement.

## 2. TERM

2.1 Unless sooner terminated pursuant to the provisions of Section 7, the term (“**Development Term**”) of this Development Agreement shall expire upon the earlier of (a) the date set forth on **Attachment A**, or (b) completion of the term of the Development Schedule.

## 3. FRANCHISE AGREEMENT, INITIAL FRANCHISE FEE, MULTI-UNIT DEVELOPMENT FEE AND INITIAL TRAINING

3.1 With respect to each Picklr Franchise to be developed under this Development Agreement:

(a) Prior to the date that Multi-Unit Developer begins searching for its second or subsequent Picklr Facility, Multi-Unit Developer must fully execute the then-current form of Franchise Agreement and pay all fees due to Franchisor under such Franchise Agreement. The terms of the individual Franchise Agreement will then govern the further development and build-out of the Picklr Franchise Business.

(b) As soon as Multi-Unit Developer locates a site within the Development Territory that it believes is suitable for construction of a Picklr Facility in accordance with Franchisor’s site selection criteria, Multi-Unit Developer shall submit to Franchisor the information about the proposed location including, without limitation, lease terms, land acquisition terms, demographic criteria and preliminary site plans showing building orientation, proposed unit location, parking layout, and certain other information, as Franchisor may require periodically in the Franchisor’s operations manual (“**Operations Manual**”). If Multi-Unit Developer proposes that another entity will own and operate the Picklr Franchise, Multi-Unit Developer must also submit information to Franchisor regarding the proposed franchisee entity. Franchisor reserves the right to request as much additional information regarding the site and the proposed franchisee entity as it deems necessary, in its discretion, and Multi-Unit Developer agrees to provide the information immediately upon request.

(c) Should Franchisor grant preliminary authorization to proceed with the site location per Section 3.1(a) above, it will give its written authorization to the Multi-Unit Developer to proceed with architectural drawings and final site plans containing the information as Franchisor requires. The preliminary authorization for the site location shall not constitute final authorization of the site for the Picklr Franchise, or of the entity proposed as franchisee. Upon receipt of the site location authorization, Multi-Unit Developer should make an offer to secure the site via purchase or lease, which offer must be contingent upon final authorization by Franchisor of the site and of the proposed franchisee entity.

3.2 Multi-Unit Developer shall pay to Franchisor a Franchise Fee for each Picklr Franchise to be developed hereunder. The initial franchise fee (“**Initial Franchise Fee**”) for the first Picklr Franchise to be developed under this Development Agreement shall be Sixty Thousand Dollars (\$60,000.00), payable as set forth in the Franchise Agreement. Multi-Unit Developer shall pay a development fee (“**Multi-Unit Development Fee**”) equal to Forty Thousand Dollars (\$40,000.00) for the second Picklr Franchise required

under the terms of this Development Agreement, and a Multi-Unit Development Fee of Thirty Thousand Dollars (\$30,000) for the third and subsequent Picklr Franchise due when Multi-Unit Developer signs this Development Agreement. All amounts collected shall be deemed fully earned immediately upon receipt and, except as set forth in the Franchise Agreement signed for a Picklr Franchise for which a Development Franchise Fee has been paid to Franchisor, shall be non-refundable, regardless of whether Multi-Unit Developer opens any of the Picklr Franchise it is obligated to open in the Development Territory.

3.3 Franchisor shall provide the Multi-Unit Developer with Franchisor's then-current Initial Training Program and on-site opening assistance for each Picklr Franchise to be developed hereunder pursuant to the applicable Franchise Agreement.

#### **4. DEVELOPMENT SCHEDULE AND MANNER FOR EXERCISING DEVELOPMENT RIGHTS**

4.1 Multi-Unit Developer shall exercise the development rights granted under this Development Agreement only by entering into a separate Franchise Agreement with Franchisor for each Picklr Franchise for which a development right is granted. The Franchise Agreement to be executed for the first Picklr Franchise to be developed by Multi-Unit Developer under this Agreement shall be executed and delivered, and the Initial Franchise Fee for the first Picklr Franchise shall be paid, to Franchisor concurrently with the execution and delivery of this Development Agreement. All subsequent Picklr Franchises developed under this Development Agreement shall be established and operated pursuant to the form of Franchise Agreement then being used by Franchisor for a Picklr Franchise. Multi-Unit Developer acknowledges that the then-current form of Franchise Agreement may differ materially from the form of Franchise Agreement signed by Multi-Unit Developer at the time this Development Agreement is signed and may include materially different economic terms, including, but not limited to, higher royalty rates and advertising contributions.

##### **4.2 Development Schedule.**

(a) Acknowledging that time is of the essence, Multi-Unit Developer agrees to exercise its development rights according to Section 3.1 and according to the Development Schedule set forth on **Attachment B**, which schedule designates the number of Picklr Franchises in the Development Territory to be established and in operation by Multi-Unit Developer upon the expiration of each of the designated development periods ("**Development Deadline**").

(b) Multi-Unit Developer may, with Franchisor's prior written consent, develop more than the number of Picklr Franchises that Multi-Unit Developer is required to develop. Any Picklr Franchises developed before a Development Deadline in excess of the minimum number of Picklr Franchises required to be developed upon expiration of that Development Deadline shall be applied to satisfy Multi-Unit Developer's development obligation during the next succeeding year. Multi-Unit Developer has no right to open more than the cumulative total number of Picklr Franchises Multi-Unit Developer is obligated to develop under this Development Agreement, as set forth above in the Development Schedule; provided, however, that Multi-Unit Developer may be permitted to open Picklr Franchises in excess of the number permitted by the Development Schedule if, in Franchisor's discretion, Franchisor determines that the Development Territory can support additional Picklr Franchises and Multi-Unit Developer receives Franchisor's advanced written permission to develop more Picklr Franchises. Multi-Unit Developer shall pay Franchisor the then-current Initial Franchise Fee applicable at the time Multi-Unit Developer signs a Franchise Agreement for any additional Picklr Franchises.

(c) If during the term of this Development Agreement, Multi-Unit Developer ceases to operate any Picklr Franchise developed under this Development Agreement for any reason, Multi-Unit Developer shall develop a replacement Picklr Franchise to fulfill Multi-Unit Developer's obligation to have open and in operation the required number of Picklr Franchises upon the expiration of each Development Period. The replacement Picklr Franchise shall be developed within a reasonable time to be agreed upon by the parties after Multi-Unit Developer ceases to operate the Picklr Franchise to be replaced. If during the term of this Agreement, Multi-Unit Developer, in accordance with the terms of any Franchise Agreement for a Picklr Franchise developed under this Development Agreement, transfers its interest in such Picklr Franchise, the transferred Picklr Franchise shall continue to be counted in determining whether Multi-Unit Developer has complied with the Development Schedule so long as it continues to be operated as a Picklr Franchise. If the transferred Picklr Franchise ceases to be operated as a Picklr Franchise during the term of this Development Agreement, Multi-Unit Developer shall develop a replacement Picklr Franchise within a reasonable time, not to exceed twelve months, after the transferred Picklr Franchise ceases to be operated as a Picklr Franchise. In either case, the reasonable time period shall apply to the development of the replacement Picklr Franchise only and, in Franchisor's discretion, extend the term of the applicable Development Deadline to the end of the mutually agreed upon time period; provided that in no event shall such time period exceed one year.

(d) Opening Schedule.

(i) Multi-Unit Developer shall open each Picklr Facility and shall commence business in accordance with the Development Schedule set forth on **Attachment B**, unless, subject to Franchisor's approval, Multi-Unit Developer obtains an extension of the Development Deadline in writing from Franchisor to complete construction and commence operation of a particular Picklr Franchise. Each extension shall be for an additional 30-day period commencing upon the expiration of the applicable Development Deadline, including any previous extensions thereof ("**Extension Date**"). No more than two extensions of any Development Deadline will be permitted. If an extension of a Development Deadline is granted by Franchisor, the Opening Date for the Picklr Franchise (as defined in the Franchise Agreement) shall be extended to the Extension Date. No extension of any Development Deadline shall affect the duration of any other Development Deadline or any of Multi-Unit Developer's other development obligations. If an extension is requested in the final Development Deadline, the term of this Agreement shall be extended to the Extension Date, and thereafter Multi-Unit Developer shall have no further rights under this Agreement except as provided in Section 2. The provisions of this Section 4.2(d)(i) do not apply to the development of a replacement Picklr Franchise under Section 3.2(c). Each extension may be conditioned upon payment of an extension fee ("**Extension Fee**") equal to Five Thousand Dollars (\$5,000.00) as set forth in the Operations Manual.

(ii) Multi-Unit Developer shall notify Franchisor in writing at least 90 days prior to the Development Deadline for a Picklr Facility if Multi-Unit Developer will be unable to complete construction and commence operation of the Picklr Franchise by the Development Deadline. In such notice Multi-Unit Developer shall request that the Franchisor consider its request for an extension and shall include a description of the reasons for its failure to develop the Picklr Franchise in a timely manner and the expected date of completion of construction and opening, if the extension were to be granted, along with payment of the Extension Fee if required.

(e) Failure by Multi-Unit Developer to adhere to the Development Schedule (including any extensions authorized by Franchisor) or to adhere to any time period for the development of replacement Picklr Franchise as set forth in Section 4.2(c) shall constitute a material event of default under this Development Agreement.

4.3 Multi-Unit Developer shall execute a Franchise Agreement for each Picklr Franchise prior to the Multi-Unit Developer begins searching for its second or subsequent Picklr Facility.

## **5. LOCATION OF PICKLR FACILITIES**

5.1 The location of each Picklr Facility shall be selected by the Multi-Unit Developer in accordance with the terms set forth in each Franchise Agreement signed by Multi-Unit Developer, within the Development Territory, subject to Franchisor's prior authorization as set forth in Section 3 hereof, which authorization shall take into account all relevant demographic information then available to Franchisor. The establishment of any proposed site by Multi-Unit Developer before approval of Franchisor shall be the sole risk and responsibility of Multi-Unit Developer and shall not obligate Franchisor in any way to authorize the same. The authorization of a proposed site by Franchisor does not in any way constitute a warranty or representation by Franchisor as to the suitability of the site for location of a Picklr Facility.

## **6. FRANCHISE AGREEMENT**

6.1 Multi-Unit Developer shall not commence construction on, or open any Picklr Facility until, among other things, the entire Initial Franchise Fee or Development Franchise Fee (as applicable) for said Picklr Franchise has been paid in full and the individual Franchise Agreement for said Picklr Franchise has been signed by both the Multi-Unit Developer and Franchisor.

## **7. DEFAULT AND TERMINATION**

7.1 Multi-Unit Developer shall be in default under this Development Agreement should Multi-Unit Developer (or its affiliate): (a) fail to comply with the Development Schedule; (b) fail to perform any of its obligations under this Development Agreement; (c) cease to be a franchisee of Franchisor in good standing; or (d) fail to comply with the provisions on transfer contained herein.

7.2 Upon the default, Franchisor shall have the right, at its option, and in its discretion, to do any or all of the following:

- (a) terminate this Development Agreement;
- (b) terminate the territorial exclusivity granted to Multi-Unit Developer; or
- (c) reduce the size of the Multi-Unit Developer's Development Territory or the number of Picklr Franchise Multi-Unit Developer may develop in the Development Territory.

7.3 Upon termination or expiration of the term of this Development Agreement, this Development Agreement shall be of no further effect, and Franchisor shall have the right to itself open, or license others to open, Picklr Franchises within the Development Territory.

## 8. ASSIGNMENT

8.1 Franchisor shall have the absolute right to transfer or assign all or any part of its rights or obligations hereunder to any person or legal entity which assumes its obligation under this Development Agreement and Franchisor shall thereby be released from any and all further liability to Multi-Unit Developer.

8.2 By Multi-Unit Developer.

(a) Multi-Unit Developer understands and acknowledges that the rights and duties set forth in this Development Agreement are personal to Multi-Unit Developer and are granted in reliance upon the personal qualifications of Multi-Unit Developer or Multi-Unit Developer's principals. Multi-Unit Developer has represented to Franchisor that Multi-Unit Developer is entering into this Development Agreement with the intention of complying with its terms and conditions and not for the purpose of transferring the development and option rights hereunder.

(b) Neither Multi-Unit Developer nor any partner, member, or shareholder thereof shall, without Franchisor's prior written consent, directly or indirectly assign, transfer, convey, give away, pledge, mortgage or otherwise encumber any interest in this Development Agreement or in Multi-Unit Developer. Any proposed assignment occurring by operation of law or otherwise, including any assignment by a trustee in bankruptcy, without Franchisor's prior written consent, shall be a material default of this Development Agreement.

(c) Any assignment, transfer or other disposition by the Multi-Unit Developer of a single-unit Picklr Franchise within the Development Territory will be governed by the Franchise Agreement to which the single-unit Picklr Franchise is bound.

(d) Subject to the other provisions of Section 8 herein, including Section 8.2(c) above and Section 8.2(e) below, if Multi-Unit Developer wishes to sell, transfer or otherwise assign any portion, or all, of the Development Territory, the Multi-Unit Developer shall notify Franchisor, which may authorize or disallow the same in its discretion, and in addition Franchisor may require any or all of the following as conditions of its approval:

(i) All of the Multi-Unit Developer's accrued monetary obligations and all other outstanding obligations to Franchisor, its affiliates and suppliers must be fully paid and satisfied;

(ii) The Multi-Unit Developer must not be in default of any provision of its Franchise Agreements, any amendments thereof or successors thereto, or any other agreement between the Multi-Unit Developer and Franchisor, its subsidiaries or affiliates;

(iii) The Multi-Unit Developer and each of its affiliates, shareholders, members, partners, officers and directors must sign a general release, the consideration for which shall be the approval of the transfer, in a form satisfactory to Franchisor, of any and all claims against Franchisor and its affiliates, officers, directors, shareholders and employees, in their corporate and individual capacities, including, without limitation, claims arising under federal, state and local laws, rules and ordinances;

(iv) The transferee must enter into a written assignment, in a form satisfactory to Franchisor, assuming and agreeing to discharge all of the Multi-Unit Developer's obligations under this Development Agreement and the relevant Franchise Agreements



and, if deemed necessary by Franchisor, the transferee's principals, individually, shall guarantee the performance of all these obligations in writing in a form satisfactory to Franchisor;

(v) The transferee must demonstrate 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 open and operate the Picklr Franchises (as may be evidenced by prior related experience or otherwise); has at least the same managerial and financial acumen required of new Multi-Unit Developers, and has sufficient equity capital, as determined by Franchisor in Franchisor's discretion, to open and operate the Picklr Franchises required under the terms of this Multi-Unit Development Agreement;

(vi) At Franchisor's option, the transferee must sign (and, upon Franchisor's request, shall cause all interested parties to sign), for a term ending on the expiration date of the Franchise Agreement(s) and with the Successor Term as may be provided by the Franchise Agreement(s), the standard form of Franchise Agreement and Multi-Unit Development Agreement then being offered to new Multi-Unit Developers and any other ancillary agreements as Franchisor may require for the Picklr Franchises, which agreements shall supersede the Franchise Agreements and the Multi-Unit Development Agreement between the Multi-Unit Developer and Franchisor in all respects and the terms of which agreements may differ from the terms of the Franchise Agreements and Multi-Unit Development Agreement, including, without limitation, the implementation of other fees and different royalty rates;

(vii) The Multi-Unit Developer and its principals must remain liable for all direct and indirect obligations to Franchisor in connection with the Picklr Franchises before the effective date of transfer and will continue to remain responsible for their obligations of nondisclosure, noncompetition and indemnification as provided in the Franchise Agreements and Personal Guaranty, attached into this Development Agreement as **Attachment C**, and shall sign any and all instruments reasonably requested by Franchisor to further evidence this liability; and

(viii) Multi-Unit Developer or its authorized transferee shall pay to Franchisor, at the time of said transfer, a transfer fee ("**Development Transfer Fee**") equal to Twenty-Five Hundred Dollars (\$2,500.00) for each unopened Picklr Facility to be transferred, and fifty percent (50%) of the then current Initial Franchise Fee, or such other amount as required by the terms of each individual Franchise Agreement, for each Picklr Franchise which is open and operating at the time Multi-Unit Developer notifies Franchisor of its intent to transfer or assign this Development Agreement (which transfer or assignment shall be in compliance with the terms of each open Picklr Franchise's individual Franchise Agreement), to cover Franchisor's administrative and other expenses in connection with the transfer of the Picklr Franchises by the Multi-Unit Developer.

(e) If Multi-Unit Developer or its principals shall at any time determine to sell, transfer or otherwise dispose of all or part of the rights under this Development Agreement or an ownership interest in Multi-Unit Developer, and Multi-Unit Developer or its principals shall obtain a bona fide, signed written offer from a responsible and fully disclosed purchaser, Multi-Unit Developer shall notify Franchisor in writing of each offer, and Franchisor shall have the right and option, exercisable within a period of 30 days from the date of delivery of this offer, by written notice to Multi-Unit Developer or its owners, to purchase the rights under this Development Agreement or

this ownership interest for the price and on the terms and conditions contained in said purchaser's offer; provided, however, Franchisor has the right to substitute any non-cash consideration included in the purchase offer with the equivalent amount of cash. If Franchisor does not exercise its right of first refusal, Multi-Unit Developer or its principals may complete the sale of Multi-Unit Developer or this ownership interest, subject to Franchisor's approval of the purchaser and all other conditions set forth in this Section 8.2, provided that if this sale is not completed within 120 days after delivery of this offer to Franchisor, Franchisor shall again have the right of first refusal herein provided. In the event that the Multi-Unit Developer wishes to publicly offer its shares in any partnership or corporation which has an ownership interest in the Multi-Unit Developer, said public offering shall be subject to the approval of Franchisor, this approval to not be unreasonably withheld.

8.3 Each shareholder, member, or partner of the corporation, limited liability company, or partnership which is granted the rights to serve as the Multi-Unit Developer hereunder shall be a party to a shareholders' agreement, operating agreement, or partnership agreement which shall provide, inter alia, that upon any dissolution of the corporation, limited liability company, or partnership, or upon any divorce decree among the parties who are also shareholders, members, or partners, that ownership of the shares, membership interest, or partnership interest shall be transferred to the shareholder, member, or partner for agreed upon consideration, which has primary responsibility for sales and marketing activities, typically the President, following any dissolution or decree. The form and content of the shareholders' agreement, operating agreement, or partnership agreement must be authorized by Franchisor before execution. Multi-Unit Developer's failure to comply with this Section 8.3 shall constitute a material default of this Development Agreement.

## **9. FORCE MAJEURE**

9.1 In the event that Multi-Unit Developer is unable to comply with the Development Schedule due to strike, riot, civil disorder, war, failure to supply, fire, natural catastrophe or other similar events beyond its control, and upon notice to Franchisor, the Development Schedule and this Development Agreement shall be extended for a corresponding period, not to exceed 90 days; provided, however, that this Section 9 shall not extend the time for payment of any monetary obligations owed to Franchisor.

## **10. CONFIDENTIALITY**

10.1 Nothing contained in this Development Agreement shall be construed to require Franchisor to divulge to Multi-Unit Developer any trade secrets, techniques, methods or processes except the material contained in Franchisor's Operations Manuals and training materials, and then only pursuant to the terms, conditions and restrictions contained in the applicable Franchise Agreement. Multi-Unit Developer acknowledges that its knowledge of Franchisor's know-how, processes, techniques, information and other proprietary data is derived entirely from information disclosed to it by Franchisor and that the information is proprietary, confidential and a trade secret of Franchisor. Multi-Unit Developer agrees to adhere fully and strictly to the confidentiality of the information and to exercise the highest degree of diligence in safeguarding Franchisor's trade secrets during and after the term of this Agreement. Multi-Unit Developer shall divulge the material only to its employees and agents and only to the extent necessary to permit the efficient operation of the Picklr Franchises. It is expressly agreed that the ownership of all the items and property is and shall remain vested solely in Franchisor.

10.2 Multi-Unit Developer agrees that all terms of this Agreement shall remain confidential and shall not make any public announcement, issue any press release or publicity, make any confirmation of statements made by third parties concerning the terms of this Agreement, or make any other disclosures other than the existence of this Development Agreement without the prior written consent of Franchisor

unless compelled by law or ordered to do so by a court of competent jurisdiction. It is agreed and understood that Multi-Unit Developer may disclose the terms of this Development Agreement to its professional advisors and lenders. Franchisor shall be free to make the disclosure of the terms of this Development Agreement as it determines, in its discretion, to be in the best interest of Franchisor or the System.

## **11. NONCOMPETITION**

11.1 Multi-Unit Developer has heretofore specifically acknowledged that, pursuant to this Agreement, Multi-Unit Developer will receive valuable specialized Confidential Information and information regarding the business of Franchisor, and its System. Multi-Unit Developer covenants that during the term of this Development Agreement and subject to the post-term provisions contained herein, except as otherwise authorized in writing by Franchisor, Multi-Unit Developer shall not, either directly or indirectly, for itself or through, on behalf of or in conjunction with any person, persons, partners or corporations:

- (a) Divert or attempt to divert any business or customer of the Picklr Franchises 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 Franchisor's Marks or the System; or
- (b) Own, maintain, engage in, be employed by, advise, assist, invest in, franchise, make loans to or have any interest in any business which is the same as or substantially similar to the Picklr Franchises.

11.2 Multi-Unit Developer covenants that, except as otherwise authorized in writing by Franchisor, Multi-Unit Developer shall not, for a continuous uninterrupted period commencing upon the expiration or termination of this Agreement, regardless of the cause for termination, and continuing for two years thereafter, either directly or indirectly, for itself or through, on behalf of or in conjunction with any person, persons, partnership or corporation, own, maintain, engage in, be employed by, advise, assist, invest in, franchise, make loans to, or have any interest in any business which is the same as or substantially similar to the Picklr Franchise and which is located within a radius of 25 miles of the Development Territory hereunder or within a radius of a 25 miles of the location of any Multi-Unit Developer, company-owned Picklr Franchise, affiliate owned Picklr Franchise, or franchisee-owned Picklr Franchise under the System which is in existence on the date of expiration or termination of this Agreement.

11.3 Sections 11.1 and 11.2 shall not apply to ownership by Multi-Unit Developer of less than a 5% beneficial interest in the outstanding equity securities of any publicly held corporation provided that Multi-Unit Developer has no management responsibility or advisory responsibility with such publicly traded company.

11.4 The parties agree that each of the foregoing covenants shall be construed as independent of any other covenant or provision of this Development Agreement. If any or all portions of the covenants in this Section 11 are held unreasonable or unenforceable by a court or agency having valid jurisdiction in a final decision to which Franchisor is a party, Multi-Unit Developer expressly agrees to be bound by any lesser covenant subsumed within the terms of this covenant that imposes the maximum duty permitted by law, as if the resulting covenant were separately stated in and made a part of this Section 11.

11.5 Multi-Unit Developer understands and acknowledges that Franchisor shall have the right, in its discretion, to reduce the scope of any covenant set forth in Sections 11.1 and 11.2 in this Development Agreement, or any portion thereof, without Multi-Unit Developer's consent, effective immediately upon

receipt by Multi-Unit Developer of written notice thereof, and Multi-Unit Developer agrees that it shall forthwith comply with any covenant as so modified, which shall be fully enforceable.

11.6 Multi-Unit Developer expressly agrees that the existence of any claims it may have against Franchisor, whether or not arising from this Development Agreement, shall not constitute a defense to the enforcement by Franchisor of the covenants in this Section 11. Multi-Unit Developer agrees to pay all costs and expenses (including reasonable attorneys' fees) incurred by Franchisor in connection with the enforcement of this Section 11 provided Franchisor prevails in any or all of its claims against Multi-Unit Developer.

11.7 Multi-Unit Developer acknowledges that Multi-Unit Developer's violation of the terms of this Section 11 would result in irreparable injury to Franchisor for which no adequate remedy at law may be available, and Multi-Unit Developer accordingly consents to the issuance of an injunction by any court of competent jurisdiction or arbitrator having jurisdiction over the Agreement prohibiting any conduct by Multi-Unit Developer in violation of the terms of this Section 11.

11.8 At Franchisor's request, Multi-Unit Developer shall require and obtain execution of covenants similar to those set forth in this Section 11 (including covenants applicable upon the termination of a person's relationship with Multi-Unit Developer) from any or all of the following persons: (a) all directors and managers of each Picklr Franchise; (b) all officers, directors and holders of a beneficial interest of 5% or more of the securities of Multi-Unit Developer and of any corporation directly or indirectly controlling Multi-Unit Developer if Multi-Unit Developer is a corporation; and (c) the members or general partners and any limited partners (including any corporation, and the officers, directors and holders of a beneficial interest of 5% or more of the securities of any corporation which controls, directly or indirectly, any general or limited partner) if Multi-Unit Developer is a limited liability company or partnership. All covenants required by this Section 11 shall be in forms satisfactory to Franchisor, including, without limitation, specific identification of Franchisor as a third-party beneficiary of these covenants with the independent right to enforce them. Failure by Multi-Unit Developer to obtain execution of a covenant required by this Section 11 shall constitute a material default under Section 7 hereunder.

## **12. ENTIRE AGREEMENT**

This Agreement, along with the Franchise Disclosure Document, constitutes the entire understanding of the parties with respect to the development of the Development Territory, and shall not be modified except by a written agreement signed by the parties hereto. Nothing in the Multi-Unit Development Agreement or in any related agreement is intended to disclaim the representations made in the Franchise Disclosure Document. Where this Development Agreement and any Franchise Agreement between the parties conflict with respect to initial training, the amount or payment terms of Initial Franchise Fees or equity interests held by the franchisee or operating partners and unit managers, the terms of this Agreement shall govern. Under no circumstances do the parties intend that this Development Agreement be interpreted in a way as to grant Multi-Unit Developer any rights to grant sub-franchises in the Development Territory.

## **13. MONTHLY REPORTS**

Multi-Unit Developer agrees that it shall provide to Franchisor a monthly report of its activities and progress in developing and establishing Picklr Franchises as provided herein. The monthly reports shall be submitted no later than the 5<sup>th</sup> day following the end of the preceding month during the term of this Development Agreement.

#### **14. INDEPENDENT CONTRACTOR AND INDEMNIFICATION**

14.1 It is acknowledged and agreed that Multi-Unit Developer and Franchisor are independent contractors, and nothing contained herein shall be construed as constituting Multi-Unit Developer as the agent, partner or legal representative of Franchisor for any purpose whatsoever. Multi-Unit Developer shall enter into contracts for the development of the Development Territory contemplated by this Agreement at its sole risk and expense and shall be solely responsible for the direction, control and management of its agents and employees. Multi-Unit Developer acknowledges that it does not have authority to incur any obligations, responsibilities or liabilities on behalf of Franchisor, or to bind Franchisor by any representations or warranties, and agrees not to hold itself out as having this authority.

14.2 Multi-Unit Developer agrees to protect, defend, indemnify and hold Franchisor harmless from and against all claims, actions, proceedings, damages, costs, expenses and other losses and liabilities, directly or indirectly incurred as a result of, arising from, out of, or in connection with Multi-Unit Developer's carrying out its obligations hereunder.

#### **15. COMPLIANCE WITH APPLICABLE LAWS**

Multi-Unit Developer shall develop all Picklr Franchises in the Development Territory in accordance and compliance with all applicable federal, state and local statutes, laws, ordinances and regulations (where applicable) and agrees to promptly pay all financial obligations incurred in connection therewith. Multi-Unit Developer must obtain all business licenses and permits required for the operation of a Picklr Franchise by federal, state, and local laws, ordinances, rules and regulations before operating any Picklr Franchise, including any liquor laws that might be applicable.

#### **16. CHANGE IN DEVELOPMENT TERRITORY**

The parties acknowledge that the development of the Development Territory as anticipated hereunder has been determined according to the needs of the Multi-Unit Developer's targeted market in the Development Territory, as determined by Franchisor, as of the date of execution of this Agreement. The Multi-Unit Developer understands that, if there is an increased public demand for the products and services offered by Franchisor due to an increase in the number of individuals or families in the Development Territory, Franchisor will expect the Multi-Unit Developer to establish additional Picklr Franchises within the Development Territory. While Franchisor will not require the Multi-Unit Developer to establish the additional Picklr Franchises, Franchisor will strongly encourage Multi-Unit Developer to do so. Any additional Picklr Franchise shall be governed by Franchisor's then-current form of individual Franchise Agreement.

#### **17. SUCCESSORS AND ASSIGNS**

This Agreement shall be binding upon and inure to the benefit of each of the parties hereto and their heirs, successors, permitted assigns and personal representatives.

#### **18. APPLICABLE LAW**

This Agreement shall be governed by and construed in accordance with the laws of the State of Utah which laws shall govern in the event of any conflict of laws, except to the extent governed by the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. Sections 1051 et. seq.). The parties expressly consent to personal jurisdiction in the State of Utah and agree that, except as set forth in Section 21, the state and federal court(s) located in Salt Lake City, Utah will have exclusive jurisdiction for the purposes of carrying out this provision.

## 19. RECEIPT OF DOCUMENTS

Multi-Unit Developer acknowledges receipt of the Disclosure Document, Multi-Unit Development Agreement, Franchise Agreement, and other contracts for the Picklr Franchise at least 14 calendar days before execution hereof or payment of any monies.

## 20. NOTICE

20.1 Whenever this Agreement requires notice, it shall be in writing and shall be sent by registered or certified mail, return receipt requested, to the other party at the addresses set forth below, unless written notice is given of a change of address.

20.2 All notices to Multi-Unit Developer shall be conclusively deemed to have been received by Multi-Unit Developer upon the delivery or attempted delivery of this notice to Multi-Unit Developer's address listed herein, or the changed address.

**To Franchisor:**

PICKLR FRANCHISE INC.  
Attn: Franchise Paralegal  
559 S. Deseret Drive  
Kaysville, UT 84037  
Attn: [michelebeauvois@thepicklr.com](mailto:michelebeauvois@thepicklr.com)

**Notice to Multi-Unit Developer:**

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

## 21. ARBITRATION

21.1 The parties agree that all controversies, claims and disputes between them arising out of or relating to this Agreement, the rights and obligations of the parties hereto, or any other claims or causes of action relating to the performance of either party, and/or the purchase of the development rights by Multi-Unit Developer shall be finally resolved by submitting this matter to binding arbitration under the auspices of, and using the commercial arbitration rules of, the American Arbitration Association as such rules are in effect as of the date the demand for arbitration is filed. Each party shall agree on one arbitrator selected from a panel of neutral arbitrators provided by the American Arbitration Association or such other arbitration body as the parties mutually agree upon, and the arbitrator shall be chosen by the striking method. In accordance with the terms of the Federal Arbitration Act, the Arbitrator shall hear the dispute in the American Arbitration Association offices in Salt Lake City, Utah. Each party shall bear its own costs and attorney fees and one-half of the arbitrator's expenses. The arbitrator shall have no authority to amend or modify the terms of this Agreement. Each party further agrees that, unless a limitation is prohibited by applicable law, the other party shall not be liable for punitive or exemplary damages and the arbitrator shall have no authority to award the same. The decision of the arbitrator shall be final and binding. The Multi-Unit Developer knows, understands, and agrees that it is the intent of the parties that any arbitration between Franchisor and the Multi-Unit Developer shall be of the Multi-Unit Developer's individual claims and that the claims subject to arbitration shall not be arbitrated in conjunction with the claims of other Multi-Unit Developers or franchisees or on a class-wide basis, and Multi-Unit Developer hereby waives any right it may assert to have its claims arbitrated in conjunction with the claims of other Multi-Unit Developers or franchisees or on a class-wide basis.

21.2 Notwithstanding any provision contained in this Section 21, Franchisor may, at its sole option, institute an action or actions for temporary or preliminary injunctive relief or seeking any other

temporary or permanent equitable relief against the Multi-Unit Developer that may be necessary to protect its trademarks or other rights or property. However, in Franchisor's discretion, the final right of determination of the ultimate controversy, claim or dispute shall be decided by arbitration as aforesaid and recourse to the courts shall thereafter be limited to seeking an order to enforce an arbitral award. In no event shall the Multi-Unit Developer be entitled to make, the Multi-Unit Developer shall not make, and the Multi-Unit Developer hereby waives, any claim for money damages by way of set-off, counterclaim, defense or otherwise based upon any claim or assertion by the Multi-Unit Developer that Franchisor has unreasonably withheld or unreasonably conditioned or delayed any consent or approval to a proposed act by the Multi-Unit Developer under any of the terms of this Agreement. The Multi-Unit Developer's sole remedy for any claim shall be an action or proceeding to enforce any provisions, for specific performance or declaratory judgment.

## **22. MODIFICATION BY FRANCHISOR**

22.1 Franchisor may modify and update its Operations Manual, the Marks and the System unilaterally under any conditions and to any extent which Franchisor, in the exercise of its discretion, deems necessary to meet competition, protect trademarks or trade name, or improve the quality of the products or services provided through the Picklr Franchises, and Multi-Unit Developer shall exclusively incur the costs of any change in the Picklr Franchise or the System which has been caused by this modification. In the event that any improvement or addition to the Operations Manual, the System or the Marks is developed by Multi-Unit Developer, then Multi-Unit Developer agrees to assign all right, title, and interest to such improvement or addition or, if such assignment is prohibited by law, to grant to Franchisor an irrevocable, worldwide, exclusive, royalty-free license, with the right to sub-license the improvement or addition.

## **23. ACKNOWLEDGEMENTS**

23.1 Multi-Unit Developer acknowledges and recognizes that different terms and conditions, including different fee structures, may pertain to different Multi-Unit Development Agreements and franchise agreements offered in the past, contemporaneously herewith, or in the future, and that Franchisor does not represent that all Multi-Unit Development Agreements or franchise agreements are or will be identical.

23.2 Multi-Unit Developer acknowledges that it is not, nor is it intended to be, a third-party beneficiary of this Agreement or any other agreement to which Franchisor is a party.

23.3 Multi-Unit Developer represents to Franchisor that it has the business acumen, corporate authority, and financial wherewithal to enter into this Agreement and to perform all of its obligations hereunder and furthermore that the execution of this Agreement is not in contravention of any other written or oral obligation of the Multi-Unit Developer.

23.4 Multi-Unit Developer acknowledges that whenever Franchisor reserves discretion in a particular area or where Franchisor agrees to exercise Franchisor's rights reasonably or in good faith, Franchisor will satisfy Franchisor's obligations whenever Franchisor exercises reasonable business judgment ("**Reasonable Business Judgment**") in making Franchisor's decision or exercising Franchisor's rights. Franchisor's decisions or actions will be deemed to be the result of Reasonable Business Judgment, even if other reasonable or even arguably preferable alternatives are available, if Franchisor's decision or action is intended, in whole or significant part, to promote or benefit the System generally even if the decision or action also promotes Franchisor's financial or other individual interest. Examples of items that will promote or benefit the System include, without limitation, enhancing the value of the Marks, improving

customer service and satisfaction, improving product quality, improving uniformity, enhancing or encouraging modernization and improving the competitive position of the System.

23.5 Multi-Unit Developer acknowledges that it received from Franchisor this Agreement with all blanks filled in at least seven calendar days before the execution of this Agreement.

23.6 Multi-Unit Developer acknowledges and accepts the following:

(a) THE SUCCESS OF THE MULTI-UNIT DEVELOPER IN MANAGING AND OPERATING MULTIPLE PICKLR FACILITIES IS SPECULATIVE AND WILL DEPEND ON MANY FACTORS INCLUDING, TO A LARGE EXTENT, MULTI-UNIT DEVELOPER'S INDEPENDENT BUSINESS ABILITY. MULTI-UNIT DEVELOPER HAS BEEN GIVEN THE OPPORTUNITY AND BEEN ENCOURAGED TO OBTAIN INDEPENDENT ADVICE FROM LEGAL AND OTHER PROFESSIONALS BEFORE ENTERING INTO THIS AGREEMENT. THIS OFFERING IS NOT A SECURITY AS THAT TERM IS DEFINED UNDER APPLICABLE FEDERAL AND STATE SECURITIES LAWS. THE OBLIGATION TO TRAIN, MANAGE, PAY, RECRUIT AND SUPERVISE EMPLOYEES OF THE PICKLR FRANCHISES RESTS SOLELY WITH MULTI-UNIT DEVELOPER. MULTI-UNIT DEVELOPER HAS NOT RELIED ON ANY WARRANTY OR REPRESENTATION, EXPRESSED OR IMPLIED, AS TO THE POTENTIAL SUCCESS OR PROJECTED INCOME OF THE BUSINESS VENTURE CONTEMPLATED HEREBY. NO REPRESENTATIONS OR PROMISES HAVE BEEN MADE BY FRANCHISOR TO INDUCE MULTI-UNIT DEVELOPER TO ENTER INTO THIS AGREEMENT EXCEPT AS SPECIFICALLY INCLUDED HEREIN. FRANCHISOR HAS NOT MADE ANY REPRESENTATION, WARRANTY OR GUARANTY, EXPRESS OR IMPLIED, AS TO THE POTENTIAL REVENUES, PROFITS OR SERVICES OF THE BUSINESS VENTURE TO MULTI-UNIT DEVELOPER AND CANNOT, EXCEPT IN ACCORDANCE WITH THE TERMS OF THIS AGREEMENT, EXERCISE CONTROL OVER MULTI-UNIT DEVELOPER'S BUSINESS. MULTI-UNIT DEVELOPER ACKNOWLEDGES AND AGREES THAT IT HAS NO KNOWLEDGE OF ANY REPRESENTATION MADE BY FRANCHISOR OR ITS REPRESENTATIVES OF ANY INFORMATION THAT IS CONTRARY TO THE TERMS CONTAINED HEREIN.

*SIGNATURE PAGE FOLLOWS*



**IN WITNESS WHEREOF**, the parties hereto have duly signed and delivered this Agreement on the day and year first written above.

**FRANCHISOR:**

**PICKLR FRANCHISE INC.,  
a Utah corporation**

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

Name: Scott Schubiger

Its: Chief Development Officer

**MULTI-UNIT DEVELOPER:**

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

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

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

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

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

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

**MULTI-UNIT DEVELOPMENT AGREEMENT**

**ATTACHMENT A**

**DEVELOPMENT TERM, DESCRIPTION OF DEVELOPMENT TERRITORY AND  
CALCULATION OF MULTI-UNIT DEVELOPMENT FEE**

**DEVELOPMENT TERM:**

**This Agreement expires on the earlier of (a) \_\_\_\_\_ years from the Effective Date or  
(b) completion of the term of the Development Schedule.**

**DESCRIPTION OF THE DEVELOPMENT TERRITORY**

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**MULTI-UNIT DEVELOPMENT FEE**

Total Number of Picklr Franchises: \_\_\_\_\_

Number of Picklr Franchises subject to Multi-Unit Development Fee calculation: \_\_\_\_\_

Total Multi-Unit Development Fee: \_\_\_\_\_ \$

**MULTI-UNIT DEVELOPMENT AGREEMENT**

**ATTACHMENT B**

**DEVELOPMENT SCHEDULE**

<b>Picklr Franchise Unit</b>	<b>Development Deadline</b>
<b>1</b>	<b>12 months after Effective Date</b>
<b>2</b>	<b>___ months after Development of Unit 1</b>
<b>3</b>	<b>___ months after Development of Unit 2</b>
<b>4</b>	<b>___ months after Development of Unit 3</b>
<b>5</b>	<b>___ months after Development of Unit 4</b>
<b>6</b>	<b>___ months after Development of Unit 5</b>

## MULTI-UNIT DEVELOPMENT AGREEMENT

### ATTACHMENT C

#### PERSONAL GUARANTY

In consideration of, and as an inducement to, the execution of that certain Multi-Unit Development Agreement, and any revisions, modifications, addenda and amendments thereto, (hereinafter collectively the “**Agreement**”) dated \_\_\_\_\_, by and between **Picklr Franchise Inc.**, a Utah corporation (“**Franchisor**”) and \_\_\_\_\_ (“**Multi-Unit Developer**”), each of the undersigned Personal Guarantors agrees as follows:

1. The Personal Guarantors do hereby jointly and severally unconditionally guaranty the full, prompt and complete performance of the Multi-Unit Developer under the terms, covenants and conditions of the Agreement, including without limitation, compliance with all confidentiality requirements, protection and preservation of confidential information, compliance with all non-compete provisions, compliance with the terms of any and all other agreements signed by Multi-Unit Developer in order to open and operate the Picklr Franchises (as defined in the Development Agreement), and the complete and prompt payment of all indebtedness to Franchisor under the Development Agreement. The word “**indebtedness**” is used herein in its most comprehensive sense and includes, without limitation, any and all advances, debts, obligations and liabilities of the Multi-Unit Developer, now or hereafter incurred, either voluntarily or involuntarily, and whether due or not due, absolute or contingent, liquidated or unliquidated, determined or undetermined, or whether recovery thereof may be now or hereafter barred by any statute of limitation or is otherwise unenforceable.

2. The obligations of the Personal Guarantors are independent of the obligations of the Multi-Unit Developer and a separate action or actions may be brought and prosecuted against any or all of the Personal Guarantors, whether or not actions are brought against the Multi-Unit Developer or whether the Multi-Unit Developer is joined in any action.

3. Franchisor shall not be obligated to inquire into the power or authority of the Multi-Unit Developer or its partners or the officers, directors, agents, members or managers acting or purporting to act on the Multi-Unit Developer’s behalf and any obligation or indebtedness made or created in reliance upon the exercise of this power and authority shall be guaranteed hereunder. Where the Personal Guarantors are corporations, limited liability companies, or partnerships it shall be conclusively presumed that the Personal Guarantors and the shareholders, members, partners, agents, officers and directors acting on their behalf have the express authority to bind these corporations, limited liability companies, or partnerships and that these corporations, limited liability companies, or partnerships have the express power to act as the Personal Guarantors pursuant to this Personal Guaranty and that this action directly promotes the business and is in the interest of these corporations, limited liability companies, or partnerships.

4. Franchisor, its successors and assigns, may occasionally, without notice to the undersigned: (a) resort to the undersigned for payment of any of the indebtedness, whether or not it or its successors have resorted to any property securing any of the indebtedness or proceeded against any other of the undersigned or any party primarily or secondarily liable on any of the indebtedness; (b) release or compromise any indebtedness of any of the undersigned hereunder or any indebtedness of any party or parties primarily or secondarily liable on any of the indebtedness; (c) extend, renew or credit any of the indebtedness for any period (whether or not longer than the original period); (d) alter, amend or exchange any of the

indebtedness; or (e) give any other form of indulgence, whether under the Development Agreement or otherwise.

5. The undersigned further waive presentment, demand, notice of dishonor, protest, nonpayment and all other notices whatsoever, including without limitation: notice of acceptance hereof; notice of all contracts and commitments; notice of the existence or creation of any liabilities under the Development Agreement and of the amount and terms thereof; and notice of all defaults, disputes or controversies between the Multi-Unit Developer and Franchisor resulting from the Development Agreement or otherwise, and the settlement, compromise or adjustment thereof.

6. This Personal Guaranty shall be enforceable by and against the respective administrators, executors, successors and assigns of the Personal Guarantors and the death of any Personal Guarantor shall not terminate the liability of the Personal Guarantor or limit the liability of the other Personal Guarantors hereunder.

7. If more than one person has signed this Personal Guaranty, the term “**the undersigned**,” as used herein shall refer to each person, and the liability of each of the undersigned hereunder shall be joint and several and primary as sureties.

**IN WITNESS WHEREOF**, each of the undersigned has signed this Personal Guaranty under seal effective as of \_\_\_\_\_.

\_\_\_\_\_  
[Signature]

\_\_\_\_\_  
[Signature]

\_\_\_\_\_  
[Print Name]

\_\_\_\_\_  
[Print Name]

\_\_\_\_\_  
Home Address

\_\_\_\_\_  
Home Address

\_\_\_\_\_  
Telephone

\_\_\_\_\_  
Telephone

\_\_\_\_\_  
Date

\_\_\_\_\_  
Date

**MULTI-UNIT DEVELOPMENT AGREEMENT  
ATTACHMENT D**

**STATEMENT OF SHAREHOLDERS/MEMBERS/PARTNERS**

The shareholders, members, or partners (collectively the “**Shareholders**”) of the Multi-Unit Developer and their respective shareholdings are as follows:

<b>NAME OF SHAREHOLDER</b>	<b>NUMBER AND DESIGNATION OF SHARES</b>	<b>OWNERSHIP PERCENTAGE</b>

**EXHIBIT D**

**PICKLR FRANCHISE INC.**

**SAMPLE GENERAL RELEASE**

## SAMPLE GENERAL RELEASE AGREEMENT

### WAIVER AND RELEASE OF CLAIMS

This Waiver and Release of Claims (the “**Release**”) is made as of \_\_\_\_\_ by \_\_\_\_\_, a(n) \_\_\_\_\_ (“**Franchisee**”), and each individual holding an ownership interest in Franchisee (collectively with Franchisee, “**Releasor**”) in favor of **PICKLR FRANCHISE INC.**, a Utah corporation (“**Franchisor**,” and together with Releasor, the “**Parties**”).

**WHEREAS**, Franchisor and Franchisee have entered into a Franchise Agreement (“**Agreement**”) pursuant to which Franchisee was granted the right to own and operate a Picklr Franchise (“**Franchised Business**”);

**WHEREAS**, Franchisee has notified Franchisor of its desire to transfer the Agreement and all rights related thereto, or an ownership interest in Franchisee, to a transferee (**enter into a successor franchise agreement**), and Franchisor has consented to such transfer (**agreed to enter into a successor franchise agreement**); and

**WHEREAS**, as a condition to Franchisor’s consent to the transfer (**Franchisee’s ability to enter into a successor franchise agreement**), Releasor has agreed to execute this Release upon the terms and conditions stated below.

**NOW, THEREFORE**, in consideration of Franchisor’s consent to the transfer (**Franchisor entering into a successor franchise agreement**), and for other good and valuable consideration, the sufficiency and receipt of which are hereby acknowledged, and intending to be legally bound, Releasor hereby agrees as follows:

1. **Representations and Warranties.** Releasor represents and warrants that it is duly authorized to enter into this Release and to perform the terms and obligations herein contained, and has not assigned, transferred, or conveyed, either voluntarily or by operation of law, any of its rights or claims against Franchisor or any of the rights, claims, or obligations being terminated and released hereunder. The undersigned represents and warrants that he/she is duly authorized to enter into and execute this Release on behalf of Franchisee. Releasor further represents and warrants that all individuals that currently hold a direct or indirect ownership interest in Franchisee are signatories to this Release.

2. **Release.** Releasor and its subsidiaries, affiliates, parents, divisions, successors and assigns, and all persons or firms claiming by, through, under, or on behalf of any or all of them, hereby release, acquit, and forever discharge Franchisor, any and all of its affiliates, parents, subsidiaries, or related companies, divisions, and partnerships, and its and their past and present officers, directors, agents, partners, shareholders, employees, representatives, successors and assigns, and attorneys, and the spouses of such individuals (collectively, the “**Released Parties**”), from any and all claims, liabilities, damages, expenses, actions, or causes of action which Releasor may now have or has ever had, whether known or unknown, past or present, absolute or contingent, suspected or unsuspected, of any nature whatsoever, including without limiting the generality of the foregoing, all claims, liabilities, damages, expenses, actions, or causes of action directly or indirectly arising out of or relating to Franchised Business, the execution and performance of the Agreement and the offer and sale of the franchise related thereto.



3. Nondisparagement. Releasor expressly covenants and agrees not to make any false representation of facts, or to defame, disparage, discredit, or deprecate any of the Released Parties or otherwise communicate with any person or entity in a manner intending to damage any of the Released Parties, their business, or their reputation.

4. Miscellaneous.

a. Releasor agrees that it has read and fully understands this Release and that the opportunity has been afforded to Releasor to discuss the terms and contents of said Release with legal counsel and/or that such a discussion with legal counsel has occurred.

b. This Release shall be construed and governed by the laws of the State of Utah.

c. Each individual and entity that comprises Releasor shall be jointly and severally liable for the obligations of Releasor.

d. In the event that it shall be necessary for any Party to institute legal action to enforce or for the breach of any of the terms and conditions or provisions of this Release, the prevailing Party in such action shall be entitled to recover all of its reasonable costs and attorneys' fees.

e. All of the provisions of this Release shall be binding upon and inure to the benefit of the Parties and their current and future respective directors, officers, partners, attorneys, agents, employees, shareholders, and the spouses of such individuals, successors, affiliates, and assigns. No other party shall be a third-party beneficiary to this Release.

f. This Release constitutes the entire agreement and, as such, supersedes all prior oral and written agreements or understandings between and among the Parties regarding the subject matter hereof. This Release may not be modified except in a writing signed by all of the Parties. This Release may be executed in multiple counterparts, each of which shall be deemed an original and all of which together shall constitute but one and the same document.

g. If one or more of the provisions of this Release shall for any reason be held invalid, illegal, or unenforceable in any respect, such invalidity, illegality, or unenforceability shall not affect or impair any other provision of this Release, but this Release shall be construed as if such invalid, illegal, or unenforceable provision had not been contained herein.

h. The Parties agree to do such further acts and things and to execute and deliver such additional agreements and instruments as any Party may reasonably require to consummate, evidence, or confirm the Release contained herein in the matter contemplated hereby.

i. The General Release does not apply with respect to claims arising under the Washington Franchise Investment Protection Act, chapter 19.100 RCW, or the rules adopted thereunder in accordance with RCW 19.100.220(2).

*(Signatures on following page)*

**IN WITNESS WHEREOF**, Releasor has executed this Release as of the date first written above.

**FRANCHISEE:**

\_\_\_\_\_, a  
\_\_\_\_\_

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

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

Its: \_\_\_\_\_

Date \_\_\_\_\_

**FRANCHISEE'S OWNERS:**

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Typed or Printed Name

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Typed or Printed Name

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Typed or Printed Name

**EXHIBIT E****PICKLR FRANCHISE INC.****LIST OF CURRENT FRANCHISEES AND FORMER FRANCHISEES****Current Franchisees**

The name, business address, and business telephone number of each current franchisee as of the end of our last fiscal year, which is December 31, 2023, are listed below.

FRANCHISEE	FRANCHISEE'S EMAIL	PHONE	ADDRESS	CITY	ST	ZIP
Loveland Pickleball LLC	Chad.preiss@thepicklrfranchise.com	970-215-2823	4036 Mountain Shadow Way	Timnath	CO	80547

**List of Franchisees with Unopened Outlets as of December 31, 2023**

NAME	ENTITY NAME	CITY	STATE	PHONE	EMAIL
Ryan Werlich	Paddles Up LLC*	TBD	AZ	480-658-5262	<a href="mailto:Ryan.werlich@thepicklrfranchise.com">Ryan.werlich@thepicklrfranchise.com</a>
John Allred	ATP Pickleball LLC*	TBD	AZ	801-668-5044	<a href="mailto:John.allred@thepicklrfranchise.com">John.allred@thepicklrfranchise.com</a>
Amber & Brian Reiman*		TBD	CO	706-315-2366	<a href="mailto:Amber.reiman@thepicklrfranchise.com">Amber.reiman@thepicklrfranchise.com</a>
Jeffrey Maguire, James Maguire & Chase Lockard		TBD	DE, MA, ME, NH, PA	603-508-1079	<a href="mailto:Jeff.maguire@thepicklrfranchise.com">Jeff.maguire@thepicklrfranchise.com</a>
Cory Ellis	Ellbee Holdings LLC*	TBD	FL, GA	512-788-8324	<a href="mailto:Cory.ellis@thepicklrfranchise.com">Cory.ellis@thepicklrfranchise.com</a>
Dave Gilreath & Ron Brock	Pickle Indy LLC*	Indianapolis	IN	317-407-3515	<a href="mailto:David.gilreath@thepicklrfranchise.com">David.gilreath@thepicklrfranchise.com</a>
Ronald & Natalie Weiland*		Chicago	IL	773-531-1268	<a href="mailto:Ron.weiland@thepicklrfranchise.com">Ron.weiland@thepicklrfranchise.com</a>
Shawn Hassett and Christian Quayle Wood*	Indoor Pickleball Holdings LLC*	Las Vegas	NV	702-274-8128	<a href="mailto:Shawn.hassett@thepicklrfranchise.com">Shawn.hassett@thepicklrfranchise.com</a>
Aaron Harris	Harris Dream LLC*	Reno	NV	702-326-1880	<a href="mailto:Aaron.harris@thepicklrfranchise.com">Aaron.harris@thepicklrfranchise.com</a>
Thomas Neale	Pickleball Long Island LLC*	Long Island	NY	516-353-4908	<a href="mailto:Thomas.neale@thepicklrfranchise.com">Thomas.neale@thepicklrfranchise.com</a>
David & Karen Hoisington*		Austin	TX	512-940-8730	<a href="mailto:David.hoisington@thepicklrfranchise.com">David.hoisington@thepicklrfranchise.com</a>
Christopher Gennerali & Jennifer Zanfardino*		Austin	TX	646-468-8180	<a href="mailto:Christopher.gennerali@thepicklrfranchise.com">Christopher.gennerali@thepicklrfranchise.com</a>
Zion Meer		Crowley	TX	817-243-4808	<a href="mailto:Zion.meer@thepicklrfranchise.com">Zion.meer@thepicklrfranchise.com</a>
Ryan Barker, Nicholas S. Barker, Shankar Gopal & Chad Maulsby	Dink Dynasty LLC*	TBD	TX	469-207-0750	<a href="mailto:Ryan.barker@thepicklrfranchise.com">Ryan.barker@thepicklrfranchise.com</a>
Joseph Murray and Bryon James Kolbeck	Murko Capital LLC*	TBD	TX	972-877-6179	<a href="mailto:Joe.murray@thepicklrfranchise.com">Joe.murray@thepicklrfranchise.com</a>
Braxton Buckway		Farr West	UT	801-710-4484	<a href="mailto:Braxton.buckway@thepicklrfranchise.com">Braxton.buckway@thepicklrfranchise.com</a>
John Allred	ATP Pickleball LLC*	TBD	UT	801-668-5044	<a href="mailto:John.allred@thepicklrfranchise.com">John.allred@thepicklrfranchise.com</a>
David & Shannon Norton*	TBD	Utah County	UT	801-372-4671	<a href="mailto:David.norton@thepicklrfranchise.com">David.norton@thepicklrfranchise.com</a>
Joseph Murray, Dean Murray & Bryon James Kolbeck	Murko Capital LLC*	TBD	WI	972-877-6179	<a href="mailto:Joe.murray@thepicklrfranchise.com">Joe.murray@thepicklrfranchise.com</a>
Wai Chun Yiu*		TBD	NJ	908-723-2686	<a href="mailto:Wai.yiu@thepicklrfranchise.com">Wai.yiu@thepicklrfranchise.com</a>
Marcus Chugh		TBD	MI	734-740-3989	<a href="mailto:marcus.chugh@thepicklrfranchise.com">marcus.chugh@thepicklrfranchise.com</a>

\*Multi-unit developer

**Former Franchisees:**

**None.**

**EXHIBIT F**

**PICKLR FRANCHISE INC.**

**LIST OF STATE ADMINISTRATORS AND  
AGENTS FOR SERVICE OF PROCESS**

**STATE ADMINISTRATORS AND  
AGENTS FOR SERVICE OF PROCESS**

<b>STATE</b>	<b>STATE ADMINISTRATOR</b>	<b>AGENT FOR SERVICE OF PROCESS</b>
<b>CALIFORNIA</b>	California Department of Financial Protection and Innovation One Sansome Street, Suite 600 San Francisco, CA 94104 415-972-8559 1-866-275-2677 <a href="http://www.dfpi.ca.gov">www.dfpi.ca.gov</a> ask.dfpi@dfpi.ca.gov	California Department of Financial Protection and Innovation 320 West 4th Street, Suite 750 Los Angeles 90013-2344 213-576-7505 1-866-275-2677 <a href="http://www.dfpi.ca.gov">www.dfpi.ca.gov</a> <a href="mailto:ask.dfpi@dfpi.ca.gov">ask.dfpi@dfpi.ca.gov</a>
<b>CONNECTICUT</b>	Securities and Business Investment Division Connecticut Department of Banking 260 Constitution Plaza Hartford, CT 06103 860-240-8230	Connecticut Banking Commissioner Same Address
<b>FLORIDA</b>	Department of Agriculture & Consumer Services Division of Consumer Services Mayo Building, Second Floor Tallahassee, FL 32399-0800 850-245-6000	Same
<b>GEORGIA</b>	Office of Consumer Affairs 2 Martin Luther King Drive, S.E. Plaza Level, East Tower Atlanta, GA 30334 404-656-3790	Same
<b>HAWAII</b>	Department of Commerce and Consumer Affairs Business Registration Division Commissioner of Securities 335 Merchant Street, Room 203 Honolulu, HI 96813 808-586-2722	Commissioner of Securities of the State of Hawaii Dept. of Commerce and Consumer Affairs Securities Compliance Branch 335 Merchant Street, Room 203 Honolulu, HI 96813
<b>ILLINOIS</b>	Franchise Division Office of the Attorney General 500 South Second Street Springfield, IL 62706 217-782-4465	Illinois Attorney General Same Address
<b>INDIANA</b>	Securities Commissioner Indiana Securities Division 302 West Washington Street, Room E 111 Indianapolis, IN 46204 317-232-6681	Indiana Secretary of State 201 State House 200 West Washington Street Indianapolis, IN 46204
<b>IOWA</b>	Iowa Securities Bureau Second Floor Lucas State Office Building Des Moines, IA 50319 515-281-4441	Same

<b>STATE</b>	<b>STATE ADMINISTRATOR</b>	<b>AGENT FOR SERVICE OF PROCESS</b>
<b>KENTUCKY</b>	Kentucky Attorney General's Office Consumer Protection Division 1024 Capitol Center Drive Frankfort, KY 40602 502-696-5389	Same
<b>LOUISIANA</b>	Department of Urban & Community Affairs Consumer Protection Office 301 Main Street, 6th Floor One America Place Baton Rouge, LA 70801 504-342-7013 (gen. info.) 504-342-7900	Same
<b>MAINE</b>	Department of Business Regulations State House - Station 35 Augusta, ME 04333 207-298-3671	Same
<b>MARYLAND</b>	Office of the Attorney General Securities Division 200 St. Paul Place Baltimore, MD 21202 410-576-6360	Maryland Securities Commissioner Same Address
<b>MICHIGAN</b>	Michigan Department of Attorney General Consumer Protection Division Antitrust and Franchise Unit 525 W. Ottawa Street G. Mennen Williams Building, 1 <sup>st</sup> Floor Lansing, MI 48913 517-373-7117	Michigan Department of Commerce Corporations and Securities Bureau Same Address
<b>MINNESOTA</b>	Minnesota Department of Commerce 85 7 <sup>th</sup> Place East, Suite 280 St. Paul, MN 55101 651-539-1500	Minnesota Commissioner of Commerce Same Address
<b>NEBRASKA</b>	Department of Banking and Finance Bureau of Securities/Financial Institutions Division 1526 K Street, Suite 300 Lincoln, NE 68508-2732 P.O. Box 95006 Lincoln, Nebraska 68509-5006 Tele: 402-471-2171	Same

<b>STATE</b>	<b>STATE ADMINISTRATOR</b>	<b>AGENT FOR SERVICE OF PROCESS</b>
<b>NEW HAMPSHIRE</b>	Attorney General Consumer Protection and Antitrust Bureau State House Annex Concord, NH 03301 603-271-3641	Same
<b>NEW YORK</b>	New York State Department of Law Investor Protection Bureau 28 Liberty St. 21 <sup>st</sup> floor New York, NY 10005 212-416-8222	Secretary of State of New York 99 Washington Avenue Albany, New York 12231
<b>NORTH CAROLINA</b>	Secretary of State's Office/Securities Division 2 South Salisbury Street Raleigh, NC 27601 919-733-3924	Secretary of State Secretary of State's Office Same Address
<b>NORTH DAKOTA</b>	North Dakota Securities Department 600 East Boulevard Avenue State Capitol, 14 <sup>th</sup> Floor, Dept. 414 Bismarck, ND 58505-0510 701-328-4712; Fax: 701-328-0140	North Dakota Securities Commissioner Same Address
<b>OHIO</b>	Attorney General Consumer Fraud & Crime Section State Office Tower 30 East Broad Street, 15th Floor Columbus, OH 43215 614-466-8831 or 800-282-0515	Same
<b>OKLAHOMA</b>	Oklahoma Securities Commission 2915 Lincoln Blvd. Oklahoma City, OK 73105 405-521-2451	Same
<b>OREGON</b>	Department of Insurance and Finance Corporate Securities Section Labor and Industries Building Salem, OR 96310 503-378-4387	Director Department of Insurance and Finance Same Address
<b>RHODE ISLAND</b>	State of Rhode Island Department of Business Regulation 1511 Pontiac Avenue, Bldg. 68-2 Cranston, RI 02920 401-462-9527	Director, Rhode Island Department of Business Regulation Same address

<b>STATE</b>	<b>STATE ADMINISTRATOR</b>	<b>AGENT FOR SERVICE OF PROCESS</b>
<b>SOUTH CAROLINA</b>	Secretary of State P.O. Box 11350 Columbia, SC 29211 803-734-2166	Same
<b>SOUTH DAKOTA</b>	South Dakota Department of Labor and Regulation Division of Securities Regulation 124 S. Euclid Avenue, Suite 104 Pierre, SD 57501 605-773-4823	Director of the South Dakota Division of Securities Regulation Same Address
<b>TEXAS</b>	Secretary of State Statutory Documents Section P.O. Box 12887 Austin, TX 78711-2887 512-475-1769	Same
<b>UTAH</b>	Utah Department of Commerce Consumer Protection Division 160 East 300 South (P.O. Box 45804) Salt Lake City, UT 84145-0804 TELE: 801-530-6601 FAX: 801-530-6001	Same
<b>VIRGINIA</b>	State Corporation Commission Division of Securities and Retail Franchising Tyler Building, 9 <sup>th</sup> Floor 1300 E. Main Street Richmond, VA 23219 804-371-9015	Clerk of the State Corporation Commission Tyler Building, 1st Floor 1300 E. Main Street Richmond, VA 23219 804-371-9733
<b>WASHINGTON</b>	Department of Financial Institutions Securities Division 150 Israel Rd S.W. Tumwater, WA 98501 360-902-8762	Director, Dept. of Financial Institutions Securities Division 150 Israel Rd S.W. Tumwater, WA 98501
<b>WISCONSIN</b>	Wisconsin Dept. of Financial Institutions Division of Securities 345 W. Washington Avenue, 4th Floor Madison, WI 53703 608-266-8557	Wisconsin Commissioner of Securities Same Address



**EXHIBIT G**

**THE PICKLR FRANCHISE INC.**

**STATE-SPECIFIC ADDENDUM**

## STATE ADDENDA AND AGREEMENT RIDERS

### ADDENDUM TO FRANCHISE AGREEMENT, FRANCHISE DISCLOSURE DOCUMENT, AND MULTI-UNIT DEVELOPMENT AGREEMENT FOR CERTAIN STATES FOR PICKLR FRANCHISE INC.

The following modifications are made to the Picklr Franchise Inc. (“**Franchisor**,” “**us**,” “**we**,” or “**our**”) Franchise Disclosure Document (“**FDD**”) given to Franchisee (“**Franchisee**,” “**you**,” or “**your**”) and may supersede, to the extent then required by valid applicable state law, certain portions of the Franchise Agreement between Franchisee and Franchisor dated \_\_\_\_\_ (“**Franchise Agreement**”).

The following states laws may supersede provisions of the Franchise Agreement, including the areas of termination and renewal of Franchisee’s Franchise: ARKANSAS (Stat. Section 70-807), CALIFORNIA (Bus. & Prof. Code Sections 20000-20043), CONNECTICUT (Gen. Stat. Section 42-133e et seq.), DELAWARE (Code, Tit. 6, Ch. 25, Sections 2551-2556), HAWAII (Rev. Stat. Section 482E-1), ILLINOIS (815 ILCS 705/1-44), INDIANA (Stat. Sections 23-2-2.7 and 23-2-2.5), IOWA (Code Sections 523H.1-523H.17), MARYLAND (MD. CODE ANN., BUS. REG. §§14-201 TO 14-233 (2004 Repl. Vol.)), MICHIGAN (Stat. Section 19.854(27)), MINNESOTA (Stat. Section 80C.14), MISSISSIPPI (Code Section 75-24-51), MISSOURI (Stat. Section 407.400), NEBRASKA (Rev. Stat. Section 87-401), NEW JERSEY (Stat. Section 56:10-1), SOUTH DAKOTA (Codified Laws Section 37-5B), VIRGINIA (§§ 13.1-557 through 13.1-574 of the Code of Virginia), WASHINGTON (Code Section 19.100.180), WISCONSIN (Stat. Section 135.03).

Depending on state law, the provisions of this State-Specific Addendum (“**State Addendum**”) may apply to modify the FDD that was given to Franchisee, as well as the Franchise Agreement, and any applicable Addenda, Exhibits, Appendices, or mutually agreed modifications thereto. Specifically, this State Addendum will apply to Franchisee’s Franchise Agreement only if the jurisdictional requirements of a listed state’s laws are met independently and without reference to this Addendum, to the Franchise Agreement, or to the FDD. For purposes of the State Addendum, the “**Franchisor’s Choice of Law State**” is the state where the Picklr Franchise is located. If any inconsistency arises between the Franchise Agreement or FDD and this State Addendum, the terms of this State Addendum shall control. Nothing in this State Addendum, the FDD or Franchise Agreement should be interpreted or construed as providing an independent basis for Franchisee’s assertion that any particular state law or provision applies to the FDD or Franchise Agreement that would not otherwise apply due to the jurisdictional requirements of such state law or provision.

### CALIFORNIA

**Item 1 of the Franchise Disclosure Document is revised to include the following under Industry-Specific Laws:**

Because Franchisee collects information from customers, it may contain personal information of individuals which is protected by law. Franchisee is also responsible for complying with all applicable current and future federal, state and local laws, regulations and requirements, including the California Consumer Privacy Act (as applicable), pertaining to the collection, protection, use, sale, disposal and maintenance of such personal information. Personal information includes information that identifies, relates to, describes, is capable of being associated with, or could reasonably be linked, directly or indirectly, with a particular consumer, potential consumer, individual or household, as such term may be further defined or amended by

applicable federal, state and local laws, regulations and requirements. Franchisee may also be required to comply with opt-in requirements on Franchisee's website.

The California Franchise Investment Law requires a copy of all proposed agreements relating to the sale of the Franchise be delivered together with the FDD.

California Corporations Code Section 31125 requires Franchisor to give to Franchisee a Franchise Disclosure Document approved by the Department of Financial Protection and Innovation before Franchisor asks Franchisee to consider a material modification of Franchisee's Franchise Agreement.

The franchise agreement requires binding arbitration. The arbitration will occur in Salt Lake, Utah, or, if Franchisor's principal place of business is at another location at the time that arbitration is sought, in the city of Franchisor's principal place of business under the auspices of the American Arbitration Association ("AAA") under AAA's Commercial Arbitration Rules then in effect with the each party bearing one-half of the arbitrator's and administration expenses incurred during the arbitration process and prior to a final determination by the arbitrator; provided, however, that the prevailing party shall be entitled to recover its expenses, including reasonable attorney fees, accounting fees and arbitrator and administrative expenses, in addition to any other relief to which it is found entitled. Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of a franchise agreement restricting venue to a forum outside the State of California.

The Franchise Agreement requires the application of the Franchisor's Choice of Law State. This provision may not be enforceable under California law.

Neither Franchisor nor any other person listed in Item 2 of the Franchise Disclosure Document is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. 78a et seq., suspending or expelling such persons from membership in such association or exchange.

California Business and Professions Code sections 20000 through 20043 provide rights to the franchisee concerning termination, transfer or non-renewal of a franchise. If the Franchise Agreement contains a provision that is inconsistent with the California Franchise Investment Law, the California Franchise Investment Law will control.

The Franchise Agreement may provide for termination upon bankruptcy. Any such provision may not be enforceable under federal bankruptcy law (11 U.S.C.A. SEC. 101 et seq.).

The Franchise Agreement contains a covenant not to compete provision which extends beyond the termination of the Franchise. Such provisions may not be enforceable under California law.

Under California Civil Code Section 1671, certain liquidated damages clauses are unenforceable. Any such provisions contained in the Franchise Agreement may not be enforceable. The Franchise Agreement contains may contain, provisions requiring binding arbitration. The arbitration will occur at Franchisor's Choice of Law State. 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 the Franchise Agreement restricting venue to a form outside the State of California. The parties shall each bear their own costs of mediation and shall share equally the filing fee and the mediator's fees.

Franchisee must sign a general release of claims if Franchisee renews or transfers its Franchise. California Corporations Code Section 31512 voids a waiver of Franchisee's rights under the Franchise Investment Law (California Corporations Code Sections 31000 through 31516). Business and Professions Code Section 20010 voids a waiver of Franchisee's rights under the Franchise Relations Act (Business and Professions Code Sections 20000 through 20043).

No statement, questionnaire, or acknowledgement signed or agreed to by 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 Franchisor, any franchise seller, or any other person acting on Franchisor's behalf. This provision supersedes any other term of any document executed in connection with the franchise.

Franchisor's website, [www.thepicklr.com](http://www.thepicklr.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 [www.dfpi.ca.gov](http://www.dfpi.ca.gov).

In the state of California, the highest interest rate permitted by law is ten percent (10%).

Exhibit I violates California Corporations Code Section 31512 and is therefore not applicable to California Residents or Franchisees and is hereby deleted in its entirety.

The Department has determined that we, the franchisor, have not demonstrated we are adequately capitalized and/or that we must rely on franchise fees to fund our operations. The Commissioner has imposed a requirement for us to maintain a surety bond under California Corporations Code section 31113 and 10 C.C.R. section 310.113.5 which must remain in effect during our registration period. The surety bond is in the amount of \$1.2 million with Universal Business Insurance Services and is available for you to recover damages in the event we do not fulfill our obligations to you to open your franchised business. We will provide you with a copy of the surety bond upon request.

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

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## **HAWAII**

The following is added to the Cover Page:

**THIS FRANCHISE WILL BE/HAS BEEN FILED UNDER THE FRANCHISE INVESTMENT LAW OF THE STATE OF HAWAII. FILING DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE DIRECTOR OF COMMERCE AND CONSUMER AFFAIRS OR A FINDING BY THE DIRECTOR OF COMMERCE AND CONSUMER AFFAIRS THAT THE INFORMATION PROVIDED IN THIS FRANCHISE DISCLOSURE DOCUMENT IS TRUE, COMPLETE AND NOT MISLEADING.**

**THE FRANCHISE INVESTMENT LAW MAKES IT UNLAWFUL TO OFFER OR SELL ANY FRANCHISE IN THIS STATE WITHOUT FIRST PROVIDING TO FRANCHISEE OR SUBFRANCHISOR AT LEAST SEVEN (7) DAYS PRIOR TO THE EXECUTION BY FRANCHISEE OR SUBFRANCHISOR OF ANY BINDING FRANCHISE OR OTHER AGREEMENT, OR AT LEAST SEVEN (7) DAYS PRIOR TO THE PAYMENT OF ANY CONSIDERATION BY FRANCHISEE, WHICHEVER OCCURS FIRST, A COPY OF THE FRANCHISE DISCLOSURE DOCUMENT, TOGETHER WITH A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE.**

**THIS FRANCHISE DISCLOSURE DOCUMENT CONTAINS A SUMMARY ONLY OF CERTAIN MATERIAL PROVISIONS OF THE FRANCHISE AGREEMENT. THE CONTRACT OR AGREEMENT SHOULD BE REFERRED TO FOR A STATEMENT OF ALL RIGHTS, CONDITIONS, RESTRICTIONS AND OBLIGATIONS OF BOTH FRANCHISOR AND FRANCHISEE.**

Registered agent in the state authorized to receive service of process:

Commissioner of Securities of the State of Hawaii  
Department of Commerce and Consumer Affairs  
Business Registration Division  
335 Merchant Street, Room 203  
Honolulu, Hawaii 96813

The following list reflects the status of the Franchise registrations of the Franchisor in the states which require registration:

1. This proposed registration is effective in the following states:  
  
None.
2. This proposed registration is or will shortly be on file in the following states:  
  
California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington and Wisconsin
3. States which have refused, by order or otherwise, to register these Franchises are:  
  
None

4. States which have revoked or suspended the right to offer the Franchises are:

None

5. States in which the proposed registration of these Franchises has been withdrawn are:

None

ITEM 5 of the FDD, Section 5.1 of the Franchise Agreement and Section 3.1(a) and 3.2 of the Multi-Unit Development Agreement are amended by adding the following language:

“Franchisor will defer all initial fees, development fees and all amounts payable to Franchisor until Franchisor has met its initial obligations to Franchisee, and the Franchisee has commenced business operations. If more than one location is contemplated through a multi-unit development agreement, then the total amount of the bond will be for the initial fees to be collected under a multi-unit development agreement.”

No statement, questionnaire, or acknowledgement signed or agreed to by 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 Franchisor, any franchise seller, or any other person acting on Franchisor’s behalf. This provision supersedes any other term of any document executed in connection with the franchise.

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## **ILLINOIS**

Item 5 of the Franchise Disclosure Document, Section 4.1 of the Franchise Agreement and Section 3.1 of the Multi-Unit Development Agreement are revised to include the following:

Pursuant to an order by the Illinois Office of the Attorney General, we have posted a surety bond in the amount of \$300,000.00. The Illinois Office of the Attorney General imposed this bond requirement due to our financial condition. A copy of the bond is attached to this Addenda.

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 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.

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.

Intending to be legally bound, Franchisor and Franchisee sign and deliver this Addendum effective on the date of the Agreement.

### **FRANCHISOR**

### **FRANCHISEE (If an Individual):**

BY: \_\_\_\_\_

BY: \_\_\_\_\_

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

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

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

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

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

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

If a corporation, limited liability company or  
partnership

\_\_\_\_\_

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

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

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

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**SURETY BOND ON FOLLOWING PAGE**



## INDIANA

Item 13 of the FDD is amended to add the following:

Under Indiana Code Section 23-2-2.7-1(4), Franchisor will not accept any rebates from any person with whom Franchisee does business or associate in relation to transactions between Franchisee and the other person, other than for compensation for services rendered by Franchisor, unless the rebate is properly accounted for and submitted to Franchisee.

Item 17 of the FDD is amended to add the following:

Indiana Code 23-2-2.7-1(7) makes it unlawful for Franchisor to unilaterally terminate Franchisee's Franchise Agreement unless there is a material violation of the Franchise Agreement and termination is not in bad faith.

Indiana Code 23-2-2.7-1(5) prohibits Franchisor to require Franchisee to agree to a prospective general release of claims subject to the Indiana Deceptive Franchise Practices Act.

The "Summary" column in Item 17 of the FDD is deleted and the following is inserted in its place:

Notwithstanding anything to the contrary in this provision, Franchisee does not waive any right under the Indiana Statutes with regard to prior representations made by Franchisor.

The "Summary" column in Item 17 of the FDD is deleted and the following is inserted in its place:

Litigation regarding Franchise Agreement in Indiana; other litigation in the Franchisor's Choice of Law State. This language has been included in this Franchise Disclosure Document as a condition to registration. The Franchisor and the Franchisee do not agree with the above language and believe that each of the provisions of the Franchise Agreement, including all venue provisions, is fully enforceable. The Franchisor and the Franchisee intend to fully enforce all of the provisions of the Franchise Agreement and all other documents signed by them, including but not limited to, all venue, choice-of-law, arbitration provisions and other dispute avoidance and resolution provisions and to rely on federal pre-emption under the Federal Arbitration Act.

The "Summary" column in Item 17. of the FDD is deleted and the following is inserted in its place:

Indiana law applies to disputes covered by Indiana franchise laws; otherwise Franchisor's Choice of Law State law applies.

Despite anything to the contrary in the Franchise Agreement, the following provisions will supersede and apply to all Franchises offered and sold in the State of Indiana:

1. The laws of the State of Indiana supersede any provisions of the FDD, the Franchise Agreement, or Franchisor's Choice of Law State law, if such provisions are in conflict with Indiana law.
2. The prohibition by Indiana Code 23-2-2.7-1(7) against unilateral termination of the Franchise without good cause or in bad faith, good cause being defined under law as including any material breach of the Franchise Agreement, will supersede the provisions of the Franchise Agreement relating to termination for cause, to the extent those provisions may be inconsistent with such prohibition.

3. Any provision in the Franchise Agreement that would requires Franchisee to prospectively assent to a release, assignment, novation, waiver or estoppel which purports to relieve any person from liability imposed by the Indiana Deceptive Franchise Practices Law is void to the extent that such provision violates such law.
4. The covenant not to compete that applies after the expiration or termination of the Franchise Agreement for any reason modified to the extent necessary to comply with Indiana Code 23-2-2.7-1 (9).
5. The following provision will be added to the Franchise Agreement:

No Limitation on Litigation. Despite the foregoing provisions of this Agreement, any provision in the Agreement which limits in any manner whatsoever litigation brought for breach of the Agreement will be void to the extent that any such contractual provision violates the Indiana Deceptive Franchise Practices Law.

No statement, questionnaire, or acknowledgement signed or agreed to by 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 Franchisor, any franchise seller, or any other person acting on Franchisor's behalf. This provision supersedes any other term of any document executed in connection with the franchise.

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## **MARYLAND**

### **AMENDMENTS TO FRANCHISE DISCLOSURE DOCUMENT, FRANCHISE AGREEMENTS AND SUPPLEMENTAL AGREEMENTS**

Item 17 of the FDD and the Franchise Agreement are amended to state: “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.”

Representations in the Franchise Agreement 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.

Item 17 of the FDD and sections of the Franchise Agreement are amended to state that 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/or Multi-Unit Development Agreement are amended to state that the franchise agreement and/or multi-unit development agreement provides that disputes are resolved through arbitration. A Maryland franchise regulation states that it is an unfair or deceptive practice to require a franchisee to waive its right to file a lawsuit in Maryland claiming a violation of the Maryland Franchise Law. In light of the Federal Arbitration Act, there is some dispute as to whether this forum selection requirement is legally enforceable.

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.

No statement, questionnaire, or acknowledgement signed or agreed to by 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 Franchisor, any franchise seller, or any other person acting on Franchisor’s behalf. This provision supersedes any other term of any document executed in connection with the franchise.

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.).

ITEM 5 of the FDD, Section 5.1 of the Franchise Agreement and Section 3 of the Multi-Unit Development Agreement are amended by adding the following language:

“Based upon franchisor's financial condition, the Maryland Securities Commissioner has required a financial assurance. Therefore, we posted a surety bond in the amount of \$130,000.00. A copy of the bond is attached to this Addenda.”

Exhibit I – Statement of Franchisee is hereby deleted in its entirety.

Sections 1 and 23 the Franchise Agreement is hereby deleted in their entirety.

Section 23 of the Multi-Unit Development Agreement is hereby deleted in its entirety.

### **SURETY BOND ON FOLLOWING PAGE**

## **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 FRANCHISEE.**

Each of the following provisions is void and unenforceable if contained in any documents relating to a franchise:

- (a) A prohibition on Franchisee's right to join an association of franchisees.
- (b) A requirement that Franchisee assent to a release, assignment, novation, waiver, or estoppel which deprives Franchisee of rights and protections provided in this act. This shall not preclude Franchisee, after entering into a Franchise Agreement, from settling any and all claims.
- (c) A provision that permits Franchisor to terminate a Picklr Franchise prior to the expiration of its term except for good cause. Good cause shall include Franchisee's failure 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 Franchisor to refuse to renew Franchisee's Picklr Franchise without fairly compensating Franchisee by repurchase or other means for the fair market value at the time of expiration of Franchisee's inventory, supplies, equipment, fixtures, and furnishings. Personalized materials which have no value to Franchisor, and inventory, supplies, equipment, fixtures, and furnishings not reasonably required in the conduct of the Picklr Franchise business are not subject to compensation. This subsection applies only if: (i) the term of the Franchise is less than five (5) years; and (ii) Franchisee is prohibited by the Franchise Agreement or other agreement from continuing to conduct substantially the same business under another trademark, service mark, trade name, logotype, advertising, or other commercial symbol in the same area subsequent to the expiration of the Picklr Franchise or Franchisee do not receive at least six (6) months' advance notice of Franchisee's intent not to renew the Franchise.
- (e) A provision that permits 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 the State of Michigan. This shall not preclude 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 Franchisor to refuse to permit a transfer of ownership of a Franchise, except for good cause. This subdivision does not prevent 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 Franchisor's then-current reasonable qualifications or standards.
  - (ii) the fact that the proposed transferee is a competitor of Franchisor or its subfranchisor.
  - (iii) the unwillingness of the proposed transferee to agree in writing to comply with all lawful obligations.

(iv) Franchisee or proposed transferee's failure to pay any sums owing to Franchisor or to cure any default in the Franchise Agreement existing at the time of the proposed transfer.

(h) A provision that requires Franchisee to resell to Franchisor items that are not uniquely identified with Franchisor. This subdivision does not prohibit a provision that grants to 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 Franchisor the right to acquire the assets of a Franchise for the market or appraised value of such assets if Franchisee has breached the lawful provisions of the Franchise Agreement and have failed to cure the breach in the manner provided in subdivision (c).

(i) A provision which permits Franchisor to directly or indirectly convey, assign, or otherwise transfer Franchisor's obligations to fulfill contractual obligations to 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:

State of Michigan  
Department of Attorney General  
Consumer Protection Division  
Attn: Franchise  
670 Law Building  
525 W. Ottawa Street  
Lansing, Michigan 48913  
Telephone Number: (517) 373-7117

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## MINNESOTA

Despite anything to the contrary in the FDD and the Franchise Agreement, the following provisions will supersede and apply to all Franchises offered and sold in the State of Minnesota:

1. Any provision in the Franchise Agreement which would require Franchisee to assent to a release, assignment, novation or waiver that would relieve any person from liability imposed by Minnesota Statutes, Sections 80C.01 to 80C.22 will be void to the extent that such contractual provision violates such law.
2. Minnesota Statute Section 80C.21 and Minnesota Rule 2860.4400J prohibit the franchisor from requiring litigation to be conducted outside of Minnesota. In addition, nothing in the Franchise Disclosure Document or Franchise Agreement can abrogate or reduce any of Franchisee's rights as provided for in Minnesota Statutes, Chapter 80C, or Franchisee's rights to any procedure, forum, or remedies provided for by the laws of Minnesota.
3. Minn. Rule Part 2860.4400J. prohibits a franchisee from waiving his rights to a jury trial or waiving his rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction, or consenting to liquidated damages, termination penalties or judgment notes. Any provision in the Franchise Agreement which would require Franchisee to waive its rights to any procedure, forum or remedies provided for by the laws of the State of Minnesota is deleted from any agreement relating to Picklr Franchises offered and sold in the State of Minnesota; provided, however, that this paragraph will not affect the obligation in the Franchise Agreement relating to arbitration.
4. With respect to franchises governed by Minnesota law, Franchisor will comply with Minnesota Statute Section 80C.14, Subds. 3-5, which require, (i) good cause for termination and except in certain specified cases that a franchisee be given 90 days' notice of termination (with 60 days to cure), and (ii) 180 days' notice for non-renewal of the franchise agreement and that consent to the transfer of the franchise will not be unreasonably withheld.
5. Item 13 of the FDD is hereby amended to state that Franchisor will protect Franchisee's rights under the Franchise Agreement to use the Marks, or indemnify Franchisee from any loss, costs, or expenses arising out of any third-party claim, suit or demand regarding Franchisee's use of the Marks, if Franchisee's use of the Marks is in compliance with the provisions of the Franchise Agreement and Franchisor's System standards.
6. Minnesota Rule 2860.4400(D) prohibits a franchisor from requiring a franchisee to assent to a general release. As a result, the Franchise Disclosure Document and the Franchise Agreement, which require Franchisee to sign a general release prior to renewing or transferring Franchisee's Picklr Franchise, are hereby deleted from the Franchise Agreement, to the extent required by Minnesota law.
7. The following language will appear as a new paragraph of the Franchise Agreement:

No Abrogation. Pursuant to Minnesota Statutes, Section 80C.21, nothing in the dispute resolution section of this Agreement will in any way abrogate or reduce any of Franchisee's rights as provided for in Minnesota Statutes, Chapter 80.C.
8. Minnesota Statute Section 80C.17 states that no action for a violation of Minnesota Statutes, Sections 80C.01 to 80C.22 may be commenced more than three (3) years after the cause of action

accrues. To the extent that the Franchise Agreement conflicts with Minnesota law, Minnesota law will prevail.

9. The Franchisee cannot consent to the Franchisor obtaining injunctive relief. The Franchisor may seek injunctive relief. See Minn. Rule 2860.4400J. Also, a court will determine if a bond is required.
10. Minnesota Rules 2860.4400(G) prohibits a franchisor from imposing on a franchisee by contract or rule, whether written or oral, any standard of conduct that is unreasonable.
11. NSF checks and related interest and attorneys' fees are governed by Minnesota Statute § 604.113, which puts a cap of \$30 on initial service charges and requires notice and opportunity to cure prior to assessing interest and attorneys' fees.
12. No statement, questionnaire, or acknowledgement signed or agreed to by 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 Franchisor, any franchise seller, or any other person acting on Franchisor's behalf. This provision supersedes any other term of any document executed in connection with the franchise.

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## NEW YORK

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

**THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH FRANCHISEE 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 to 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 Picklr 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 or State 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 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 Franchisee enjoys and any causes of action arising in Franchisee's 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.

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

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

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

The foregoing choice of law should not be considered a waiver of any right conferred upon the Franchisor or upon the Franchisee by Article 33 of the General Business Law of the State of New York. No statement, questionnaire, or acknowledgement signed or agreed to by 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 Franchisor, , any franchise seller, or any other person acting on Franchisor’s behalf. This provision supersedes any other term of any document executed in connection with the franchise.

No statement, questionnaire, or acknowledgement signed or agreed to by 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 Franchisor, any franchise seller, or any other person acting on Franchisor’s behalf. This provision supersedes any other term of any document executed in connection with the franchise.

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## **NORTH DAKOTA**

Sections of the FDD or the Franchise Agreement requiring that Franchisee sign a general release, estoppel or waiver as a condition of renewal and/or assignment may not be enforceable as they relate to releases of the North Dakota Franchise Investment Law.

Sections of the FDD or the Franchise Agreement requiring resolution of disputes to be outside North Dakota may not be enforceable under Section 51-19-09 of the North Dakota Franchise Investment Law and are amended accordingly to the extent required by law.

Sections of the FDD or the Franchise Agreement relating to choice of law may not be enforceable under Section 51-19-09 of the North Dakota Franchise Investment Law and are amended accordingly to the extent required by law.

Any sections of the FDD or the Franchise Agreement requiring Franchisee to consent to liquidated damages and/or termination penalties may not be enforceable under Section 51-19-09 of the North Dakota Franchise Investment Law and are amended accordingly to the extent required by law.

Any sections of the FDD or the Franchise Agreement requiring Franchisee to consent to a waiver of trial by jury may not be enforceable under Section 51-19-09 of the North Dakota Franchise Investment Law and are amended accordingly to the extent required by law.

Any sections of the FDD or the Franchise Agreement requiring Franchisee to consent to a waiver of exemplary and punitive damages may not be enforceable under Section 51-19-09 of the North Dakota Franchise Investment Law and are amended accordingly to the extent required by law.

ITEM 5 of the FDD, Section 5.1 of the Franchise Agreement and Section 3 of the Multi-Unit Development Agreement are amended by adding the following language:

“Per a requirement of the North Dakota Securities Department, we have obtained a surety bond in the amount of \$130,000.00. A copy of the bond is attached to this Addenda.”

Item 17(r) of the FDD and Section 15 of the Franchise Agreement disclose the existence of certain covenants restricting competition to which Franchisee must agree. The Commissioner has held that covenants restricting competition contrary to Section 9-08-06 of the North Dakota Century Code, without further disclosing that such covenants may be subject to this statute, are unfair, unjust, or inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law. The Franchise Disclosure Document and the Franchise Agreement are amended accordingly to the extent required by law.

Item ITEM 17(v) of the Franchise Disclosure Document, Section 22.1 of the Franchise Agreement, and Section 18 of the Multi Unit Development Agreement is amended with the following language:

“Any action will be brought in the appropriate state or federal court in North Dakota.”

No statement, questionnaire, or acknowledgement signed or agreed to by 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 Franchisor, any franchise seller, or any other person acting on Franchisor's behalf. This provision supersedes any other term of any document executed in connection with the franchise.

## **SURETY BOND ON FOLLOWING PAGE**

## **OHIO**

The following language will be added to the front page of the Franchise Agreement:

### **READ THIS CAREFULLY**

The state of Ohio has not reviewed and does not approve, recommend, endorse, or sponsor this or any other business opportunity plan. If Franchisee has any questions about this plan, the information contained in this disclosure document should be reviewed with an attorney or financial advisor before Franchisee signs any agreement.

Franchisee, the purchaser, may cancel this transaction at any time prior to midnight of the fifth business day after the date Franchisee signs this agreement. See the attached notice of cancellation for an explanation of this right.

Initials \_\_\_\_\_ Date \_\_\_\_\_

### **NOTICE OF CANCELLATION**

\_\_\_\_\_ (enter date of transaction)

Franchisee may cancel this transaction, without penalty or obligation, within five (5) business days from the above date. If Franchisee cancels, any payments made by Franchisee under the agreement, and any negotiable instrument executed by Franchisee will be returned within ten (10) business days following the seller's receipt of Franchisee's cancellation notice, and any security interest arising out of the transaction will be cancelled. If Franchisee cancels, Franchisee must make available to the seller at Franchisee's business address all goods delivered to Franchisee under this agreement; or Franchisee may, if it wishes, comply with the instructions of the seller regarding the return shipment of the goods at the seller's expense and risk. If Franchisee does make the goods available to the seller and the seller does not pick them up within 20 days of the date of Franchisee's notice of cancellation, Franchisee may retain or dispose of them without further obligation. If Franchisee fails to make the goods available to the seller, or if Franchisee agrees to return them to the seller and fails to do so, then Franchisee remains liable for the performance of all obligations under this agreement. To cancel this transaction, mail or deliver a signed and dated copy of this cancellation notice or any other written notice to Picklr Franchise Inc., at 559 S. Deseret Drive, Kaysville, Utah 84037, or an email to Picklr Franchise Inc. at [austin@thepicklr.com](mailto:austin@thepicklr.com), not later than midnight of the fifth business day after the Effective Date.

I hereby cancel this transaction.

Franchisee:

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

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

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

Its: \_\_\_\_\_

## **RHODE ISLAND**

§ 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.” The Franchise Disclosure Document and the Franchise Agreement are amended accordingly to the extent required by law.

The above language has been included in this Franchise Disclosure Document as a condition to registration. The Franchisor and the Franchisee do not agree with the above language and believe that each of the provisions of the Franchise Agreement including all choice of law provisions, are fully enforceable. The Franchisor and the Franchisee intend to fully enforce all of the provisions of the Franchise Agreement and all other documents signed by them, including but not limited to, all venue, choice-of-law, arbitration provisions and other dispute avoidance and resolution provisions and to rely on federal pre-emption under the Federal Arbitration Act.

No statement, questionnaire, or acknowledgement signed or agreed to by 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 Franchisor, any franchise seller, or any other person acting on Franchisor’s behalf. This provision supersedes any other term of any document executed in connection with the franchise.

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## **SOUTH DAKOTA**

Item 5 of the Franchise Disclosure Document, Section 4.1 of the Franchise Agreement and Section 3.1 of the Multi-Unit Development Agreement are revised to include the following:

Pursuant to an SDCL 37-5B-5 and the South Dakota Securities Regulation Office, we have posted a surety bond in the amount of \$130,000. The South Dakota Securities Regulation Office imposed this bond requirement due to our financial condition. A copy of the bond is on file with the South Dakota Securities Regulation Office.

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 by any franchisor, franchise seller, or other person acting on behalf of franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

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## **VIRGINIA**

Item 17(h). The following is added to Item 17(h):

“Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to use undue influence to induce a franchisee to surrender any right given to him under the franchise. If any provision of the Franchise Agreement involves the use of undue influence by the Franchisor to induce a franchisee to surrender any rights given to franchisee under the Franchise, that provision may not be enforceable.”

In recognition of the restrictions contained in Section 13.1-564 of the Virginia Retail Franchising Act, the Franchise Disclosure Document for Picklr Franchise Inc. for use in the Commonwealth of Virginia shall be amended as follows:

Additional Disclosure. The following statements are added to Item 8 and Item 17.h.

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

No statement, questionnaire, or acknowledgement signed or agreed to by 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 Franchisor, any franchise seller, or any other person acting on Franchisor’s behalf. This provision supersedes any other term of any document executed in connection with the franchise.

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## **WASHINGTON**

### **Washington Addendum to the Franchise Disclosure Document, Franchise Agreement, Multi-Unit Agreement, and Related Agreements**

In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW will prevail. The FDD, the Franchise Agreement and the Multi-Unit Development are amended accordingly.

#### **ITEM 5 of the FDD, Section 5.1 of the Franchise Agreement and Section 3 of the Multi-Unit Development Agreement are amended by adding the following language:**

A Surety Bond in the amount of \$100,000 has been obtained by the franchisor. The Washington Securities Division has made the issuance of the franchisor's permit contingent upon the franchisor maintaining surety bond coverage acceptable to the Administrator until (a) all Washington franchisees have (i) received all initial training that they are entitled to under the franchise agreement or offering circular, and (ii) they are open for business; or (b) the Administrator issues written authorization to the contrary. A copy of the bond is attached to this Addenda.

RCW 19.100.180 may supersede the Franchise Agreement in Franchisee's relationship with the Franchisor including the areas of termination and renewal of Franchisee's Picklr Franchise. There may also be court decisions which may supersede the Franchise Agreement in Franchisee's relationship with the Franchisor including the areas of termination and renewal of Franchisee's Picklr Franchise.

In any arbitration involving a franchise purchased in Washington, the arbitration site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration, or as determined by the arbitrator at the time of arbitration. In addition, if litigation is not precluded by the Franchise Agreement, 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. The Franchise Disclosure Document, the Franchise Agreement and the Multi-Unit Development are amended accordingly.

A release or waiver of rights executed by Franchisee may not include rights under the Washington Franchise Investment Protection Act or any rule or order thereunder except when executed pursuant to a negotiated settlement after the Franchise Agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable. The Franchise Disclosure Document, the Franchise Agreement and the Multi-Unit Development are amended accordingly.

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 Franchisee under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed \$250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provisions contained in the Franchise Agreement or elsewhere that conflict with these limitations are void and unenforceable in Washington.

RCW 49.62.060 prohibits Franchisor from restricting, restraining, or prohibiting Franchisee from (i) soliciting or hiring any employee of 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.

**Use of Franchise Brokers.** The franchisor may use 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. Do not rely only on the 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

Sections 1 and 23 of the Franchise Agreement is hereby deleted as those provisions violate the North American Securities Administrators Association Statement of Policy Regarding the Use of Franchise Questionnaires and Acknowledgments which has been adopted by the Washington Department of Financial Institutions, Securities Division.

Exhibit I – Statement of Franchisee is hereby deleted in its entirety.

No statement, questionnaire, or acknowledgement signed or agreed to by 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 Franchisor, any franchise seller, or any other person acting on Franchisor's behalf. This provision supersedes any other term of any document executed in connection with the franchise.

The undersigned does hereby acknowledge receipt of this addendum.

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 20\_\_\_\_.

\_\_\_\_\_  
FRANCHISOR

\_\_\_\_\_  
FRANCHISEE

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**SURETY BOND ON FOLLOWING PAGE**



## **WISCONSIN**

The Wisconsin Fair Dealership Law, Chapter 135 of the Wisconsin Statutes supersedes any provision of the Franchise Agreement if such provision is in conflict with that law. The Franchise Disclosure Document and the Franchise Agreement are amended accordingly.

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### **APPLICABLE ADDENDA**

If any one of the preceding Addenda for specific states (“**Addenda**”) is checked as an “Applicable Addenda” below, then that Addenda shall be incorporated into the Franchise Disclosure Document, Franchise Agreement and any other specified agreement(s) entered into by Franchisor and the undersigned Franchisee. To the extent any terms of an Applicable Addenda conflict with the terms of the Franchise Disclosure Document, Franchise Agreement, Multi-Unit Development Agreement and other specified agreement(s), the terms of the Applicable Addenda shall supersede the terms of the Franchise Disclosure Document.

☐ California  
☐ Hawaii  
☐ Illinois  
☐ Indiana  
☐ Maryland

☐ Michigan  
☐ Minnesota  
☐ New York  
☐ North Dakota  
☐ Ohio

☐ Rhode Island  
☐ South Dakota  
☐ Virginia  
☐ Washington  
☐ Wisconsin

Dated: \_\_\_\_\_

#### **FRANCHISOR:**

**PICKLR FRANCHISE INC.**

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

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

#### **FRANCHISEE:**

\_\_\_\_\_

\_\_\_\_\_

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

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

\_\_\_\_\_

**EXHIBIT H**  
**PICKLR FRANCHISE INC.**  
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**EXHIBIT I**

**PICKLR FRANCHISE INC.**

**NONDISCLOSURE AND NONCOMPETITION AGREEMENT**

**PICKLR FRANCHISE INC.**

**NONDISCLOSURE AND COMPETITION AGREEMENT**

This Nondisclosure and Noncompetition Agreement (“**Agreement**”) is made and entered into this \_\_\_\_ day of \_\_\_\_\_, 20\_\_ by and between **Picklr Franchise Inc.**, a Utah corporation company (“**Company**”), located at 559 S. Deseret Drive, Kaysville, UT 84037 and (“**Associate**”), who resides or has a principal place of address at \_\_\_\_\_.

**RECITALS**

A. The Company is engaged in the business of selling franchises for the operation of a of a premier indoor pickleball facility and event center, including court reservations, leagues, tournaments, clinics, private/corporate events, pro shop, simple pre-packaged food and beverages and sponsorships (“**Picklr Franchise**”). The Picklr Franchise is operated under the Company’s “THE PICKLR” and other service marks, trademarks, logo types, designs, and other commercial symbols (collectively “**Marks**”).

B. The Company has developed methods for establishing, operating and promoting Picklr Franchise pursuant to the Company’s distinctive business format, plans, methods, data, processes, supply systems, marketing systems, formulas, techniques, designs, layouts, operating procedures, Marks and information and know-how of the Company (“**Confidential Information**” and “**Trade Secrets**”) and such Confidential Information and Trade Secrets as may be further developed from time to time by the Company.

C. The Company and its affiliates have established substantial goodwill and an excellent reputation with respect to the quality of its System, which goodwill and reputation have been and will continue to be of major benefit to the Company.

D. Associate desires to become involved with the Company or a franchisee of the Company in the capacity of an officer, partner, director, agent, manager, employee, Designated Business Manager or as a beneficial owner of the Picklr Franchise, or is an immediate family member or domestic partner of a principal owning an interest in the Picklr Franchise, and will become privileged as to certain Confidential Information and Trade Secrets. Associate may or may not have signed the Franchise Agreement or Owners Agreement form.

E. Associate and the Company have reached an understanding with regard to nondisclosure by Associate of Confidential Information and Trade Secrets and with respect to noncompetition by Associate with the Company and other franchisees of the Company. Associate agrees to the terms of this Agreement as partial consideration for the Company’s willingness to allow Associate to engage in a business relationship with Company or a franchisee of the Company using the Company’s Confidential Information and Trade Secrets.

**NOW THEREFORE**, in consideration of the foregoing, the mutual promises contained herein and other good and valuable consideration, the receipt and sufficiency of which are acknowledged, Associate and the Company, intending legally to be bound, agree as follows:

1. **Definitions.**

(a) “**Associate**” shall mean the individual or entity described on page 1 of this Agreement and the Associate’s managers, officers, beneficial owners, directors, employees, partners, members, principals and immediate family members.



(b) **“Competitive Business”** as used in this Agreement means any business operating in competition with or similar to the Picklr Franchise; provided, however, Associate will not be prohibited from owning not more than a total of 5% of the stock of any company which is subject to the reporting requirements of the U.S. Securities and Exchange Act of 1934.

(c) **“Confidential Information”** means all knowledge, know-how, standards, methods and procedures related to the establishment and operation of the System and includes all records pertaining to customers, suppliers, and other service providers of, and/or related in any way to, Franchisee’s Picklr Franchise including, without limitation, all databases (whether in print, electronic or other form), all names, addresses, phone numbers, e-mail addresses, customer purchase records, manuals, promotional and marketing materials, marketing strategies and any other data which Franchisor designates as confidential.

(d) **“Franchise Agreement”** shall mean the franchise agreement between Company and \_\_\_\_\_, dated \_\_\_\_\_, as amended or renewed from time to time.

(f) **“Term”** shall have the meaning defined in the Franchise Agreement.

(g) **“Trade Secret(s)”** shall mean information, including a formula, pattern, compilation, program, device, method, technique or process related to the Picklr Franchise that both derives independent economic value, actual or potential, from not being generally known to, and not being readily ascertainable by proper means by other persons who can obtain economic value from its disclosure or use and is the subject of efforts that are reasonable under the circumstances to maintain its secrecy.

(h) All other capitalized terms not defined in this Agreement shall have the meaning given to them in the Franchise Agreement.

2. Confidential Information and Trade Secrets. Associate and the Company acknowledge that the Confidential Information and Trade Secrets which are developed and utilized in connection with the operation of the Picklr Franchise are unique and the exclusive property of the Company or its affiliates. Associate acknowledges that any unauthorized disclosure or use of the Confidential Information and Trade Secrets would be wrongful and would cause irreparable injury and harm to the Company or its affiliates. Associate further acknowledges that the Company or its affiliates has expended a great amount of effort and money in obtaining and developing the Confidential Information and Trade Secrets, that the Company or its affiliates has taken numerous precautions to guard the secrecy of the Confidential Information and Trade Secrets, and that it would be very costly for competitors to acquire or duplicate the Confidential Information and Trade Secrets.

3. Nondisclosure of Confidential Information and Trade Secrets. During the Term and any Successor Term of the Franchise Agreement and for a period of two years after the expiration or termination of the Franchise Agreement (unless such information is a Trade Secret in which case the requirements in this Section 3 will remain in place for as long as such information constitutes a Trade Secret), Associate shall not at any time, publish, disclose, divulge or in any manner communicate to any person, firm, corporation, association, partnership or any other entity whatsoever or use, directly or indirectly, for its own benefit or for the benefit of any person, firm, corporation or other entity other than for the use of the Company or the Franchise Business, any of the Confidential Information or Trade Secrets of the Company or its affiliates.

4. Exceptions to Disclosing Confidential Information. Notwithstanding the foregoing, the restrictions on the disclosure and use of the Confidential Information will not apply to the following: (a) information that was in the public domain prior to being communicated to the Associate through no fault of the Associate; (b) information that entered the public domain after it was communicated to the Associate through no fault of the Associate; (c) information that was in the Associate's possession free of any obligation of confidence at the time it was communicated to the Associate; or (d) the disclosure of the Confidential Information in judicial or administrative proceedings to the extent that the Associate is legally compelled to disclose the information, if the Associate has notified the Company before disclosure and used the Associate's best efforts, and afforded the Company the opportunity, to obtain an appropriate protective order or other assurance satisfactory to the Company of confidential treatment for the information required to be so disclosed.

5. Noncompetition Covenant. Associate acknowledges that the Company must be protected against the potential for unfair competition by Associate's use of the Confidential Information and Trade Secrets in direct competition with the Company. Associate further acknowledges that the Confidential Information and Trade Secrets would not have been divulged to the Associate absent the Associate's agreement to strictly comply with the provisions of this Agreement. Associate therefore agrees that, other than the Franchise Business licensed under the Franchise Agreement, Associate will not during the Term and Successor Term of the Franchise Agreement:

(a) have any direct or indirect interest as a disclosed or beneficial owner in a Competitive Business;

(b) perform services as a manager, officer, beneficial owner, director, principal, employee, partner, member, consultant, representative, agent or otherwise for a Competitive Business; or

(c) divert or attempt to divert any business related to, or any customer or account of the Franchise Business, the Company's business, the business of any affiliate of the Company or any other franchisee's business, by direct inducement or otherwise, or divert or attempt to divert the employment of any employee of the Company or another franchisee licensed by Company, to any Competitive Business by any direct inducement or otherwise.

6. Post-Termination Covenant Not to Compete. Upon termination or expiration of Associate's relationship with the Company, the Picklr Franchise or the Franchise Agreement for any reason, Associate agrees that, for a period of two years commencing on the effective date of termination or expiration of the Franchise Agreement, Associate will not have any direct or indirect interest (through any immediate family member of Associate or its beneficial owners or otherwise) as a disclosed or beneficial owner, investor, partner, director, officer, manager, employee, consultant, representative or agent or in any other capacity in any Competitive Business, located or operating within 50 miles of any Picklr Franchise or corporate-owned or affiliate-owned Picklr Facility.

The restrictions of this Section 6 will not be applicable to the ownership of shares of a class of securities listed on a stock exchange or traded on the over-the-center market that represent 5% or less of the number of shares of that class of securities issued and outstanding.

The parties have attempted in this Agreement to limit the Associate's right to compete only to the extent necessary to protect the Company from unfair competition. The parties hereby expressly agree that if the scope of enforceability of the provision of Sections 5 and 6 are disputed at any time by the Franchisee, a court or arbitrator, as the case may be, may modify Sections 5 and 6 to the extent that it deems necessary.

to make such provisions enforceable under applicable law. THE ASSOCIATE EXPRESSLY ACKNOWLEDGES THAT THE ASSOCIATE POSSESSES SKILLS AND ABILITIES OF A GENERAL NATURE AND HAS OTHER OPPORTUNITIES TO EXPLOIT SUCH SKILLS. CONSEQUENTLY, ENFORCEMENT OF THE COVENANTS SET FORTH ABOVE WILL NOT DEPRIVE ASSOCIATE OF THE ABILITY TO EARN A LIVING.

7. Injunction. Associate hereby acknowledges and agrees that in the event of any breach or threatened breach of this Agreement, the Company shall be authorized and entitled to seek, from any court of competent jurisdiction, preliminary and permanent injunctive relief in addition to any other rights or remedies to which the Company may be entitled. Associate agrees that the Company may obtain such injunctive relief, without posting a bond or bonds. Associate's sole remedy, in the event of the entry of such injunctive relief, shall be dissolution of such injunctive relief, if warranted, upon a hearing duly had; provided, however, that all claims for damages by reason of the wrongful issuance of any such injunction are hereby expressly waived by Associate. In any litigation, arbitration or other proceeding concerning the entry of any requested injunction against Associate, Associate, for value, voluntarily waives such defenses as Associate might otherwise have under the law of the jurisdiction in which the matter is being litigated, arbitrated or otherwise relating to any claimed "prior breach" on the part of the Company; it being specifically understood and agreed between the parties that no action or lack of action on the part of the Company will entitle or permit the Associate to disclose any such Confidential Information and Trade Secrets in any circumstances.

8. Effect of Waiver. The waiver by Associate or the Company of a breach of any provision of this Agreement shall not operate or be construed as a waiver of any subsequent breach thereof.

9. Binding Effect. This Agreement shall be binding upon and inure to the benefit of Associate and the Company and their respective heirs, executors, representatives, successors and assigns.

10. Entire Agreement. This instrument contains the entire agreement of Associate and the Company relating to the matters set forth herein. It may not be changed verbally, but only by an agreement in writing, signed by the party against whom enforcement of any waiver, change, modification, extension or discharge is sought.

11. Governing Law. This instrument shall be governed by and construed under the laws of the State of Utah; provided, however, the parties agree that the covenant against competition will not be governed by the law of the state in which the franchisee operates the franchised business.

12. Jurisdiction and Venue. In the event of a breach or threatened breach by Associate of this Agreement, Associate hereby irrevocably submits to the jurisdiction of the state and federal courts of Utah, and irrevocably agrees that venue for any action or proceeding shall be in the state and federal courts of Utah. Both parties waive any objection to the jurisdiction of these courts or to venue in the state and federal courts of Utah. Notwithstanding the foregoing, in the event that the laws of the state where the Associate resides prohibit the aforesaid designation of jurisdiction and venue, then such other state's laws shall control.

13. Severability. If any provision of this Agreement shall be held, declared or pronounced void, voidable, invalid, unenforceable or inoperative for any reason, by any court of competent jurisdiction, government authority or otherwise, such holding, declaration or pronouncement shall not affect adversely any other provisions of this Agreement which shall otherwise remain in full force and effect.

14. Attorneys' Fees. In any action at law or in equity to enforce any of the provisions or rights under this Agreement, the unsuccessful party in such litigation, as determined by the court in a final judgment or decree, shall pay the successful party or parties all costs, expenses and reasonable attorneys' fees incurred therein by such party or parties (including without limitation such costs, expenses and fees on any appeals), and if such successful party shall recover judgment in any such action or proceeding, such costs, expenses and attorneys' fees shall be included as part of such judgment.

**IN WITNESS WHEREOF**, the parties have signed this Agreement on the date first above written.

**COMPANY:**

**ASSOCIATE:**

**PICKLR FRANCHISE INC.**

\_\_\_\_\_

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

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

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

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

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

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

## EXHIBIT J

### PICKLR FRANCHISE INC.

#### STATEMENT OF FRANCHISEE

If Franchisee is a franchisee in any of the following states, please do not answer Questions 1 – 7, under the Heading “Representations” below, as such questions are not applicable to Franchisee: California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, or Wisconsin.

[Note: Dates and Answers Must be Completed in the Prospective Franchisee’s Own Handwriting]

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Please do not sign if Franchisee is a resident of Maryland or Washington or the business will be operated in the states of Maryland or Washington.

In order to make sure that no misunderstanding exists between you, the Franchisee, and Franchisor, Picklr Franchise Inc. (the “**Franchisor**” or “**we**”), and to make sure that no violations of law might have occurred, and understanding that Franchisor is relying on the statements you make in this document, you assure Franchisor as follows:

A. The following dates are true and correct:

- |    | Date          | Initials |  |
|----|---------------|----------|--|
| 1. | _____, 20____ | _____    | The date on which I received a Franchise Disclosure Document regarding the Picklr Franchise.   |
| 2. | _____, 20____ | _____    | The date of my first face-to-face meeting with Marketing Representative to discuss a possible purchase of the Picklr Franchise.        |
| 3. | _____, 20____ | _____    | The date on which I received a completed copy (other than signatures) of the Franchise Agreement which I later signed.                 |
| 4. | _____, 20____ | _____    | The date on which I signed the Franchise Agreement.  |
| 5. | _____, 20____ | _____    | The earliest date on which I delivered cash, check or other consideration to the Marketing Representative or an officer of Franchisor. |

B. Representations.

1. No oral, written, visual or other promises, agreements, commitments, representations, understandings, “side agreements,” options, rights-of-first-refusal or otherwise have been made to or with me with respect to any matter (including but not limited to advertising, marketing, site location, operational, marketing or administrative assistance, exclusive rights or exclusive or protected territory or otherwise), nor have I relied in

any way on same, except as expressly set forth in the Franchise Agreement or an attached written Addendum signed by me and Picklr Franchise Inc. except as follows:

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(If none, you should write NONE in your own handwriting and initial.)

2. No oral, written, visual or other promises, agreements, commitments, representation, understandings, “side agreements” or otherwise which expanded upon or were inconsistent with the Franchise Disclosure Document or the Franchise Agreement or any attached written addendum signed by me and an officer of Picklr Franchise Inc., were made to me by any person or entity, nor have I relied in any way on same, except as follows:

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(If none, you should write NONE in your own handwriting and initial.)

3. No oral, written, visual or other claim or representation (including but not limited to charts, tables, spreadsheets or mathematical calculations to demonstrate actual or possible results based on a combination of variables, such as multiples of price and quantity to reflect gross sales, or otherwise) which stated or suggested a specific level or range of actual or potential sales, costs, income, expenses, profits, cash flow, tax effects or otherwise (or from which such items might be ascertained) from Picklr Franchise Inc. was made to me by any person or entity, nor have I relied in any way on same, except as follows:

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(If none, you should write NONE in your own handwriting and initial.)

4. No contingency, prerequisite, reservation or otherwise exists with respect to any matter (including but not limited to my obtaining financing, or my fully performing any of my obligations), nor have I relied in any way on same, except as expressly set forth in the Franchise Agreement or any attached written addendum signed by me and Picklr Franchise Inc.:

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(If none, you should write NONE in your own handwriting and initial.)

5. The individuals signing for me constitute all of the executive officers, partners, shareholders, investors and/or principals. Each of such individuals has reviewed the Franchise Disclosure Document and all exhibits and carefully read, discussed, understands and agrees to the Franchise Agreement, each attached written Addendum and any personal guaranties.

6. I have had an opportunity to consult with an independent professional advisor, such as an attorney or accountant, prior to signing any binding documents or paying any sums, and Picklr Franchise Inc. has strongly recommended that I obtain such independent advice. I have also been strongly advised by Picklr Franchise Inc. to discuss my proposed purchase of a Picklr Franchise with any existing Picklr Franchise Inc. franchisees prior to signing any binding documents or paying any sums and Picklr Franchise Inc. has supplied me with a list of all existing franchisees if any exist.

7. I understand that a) entry into any business venture necessarily involves some unavoidable risk of loss or failure; b) while the purchase of a franchise may improve the chances for success, the purchase of a Picklr Franchise or any other franchise is a speculative investment; c) investment beyond that outlined in the Franchise Disclosure Document may be required to succeed; d) there exists no guaranty against possible loss or failure in this or any other business; and e) the most important factors in the success of any Picklr Franchise,

including the one to be operated by me, are my personal business skills, which include marketing, sales, and management, sound judgment, and extremely hard work.

8. If there are any matters inconsistent with the statements in this document or if anyone has suggested that you sign this document without all of its statements being true, correct and complete, immediately inform Picklr Franchise Inc. (Phone: (801) 725-3041 and Franchisor's president.

You understand and agree that Franchisor does not furnish, or authorize its salespersons, brokers or others to furnish any oral or written information concerning actual or potential sales, costs, income, expenses, profits, cash flow, tax effects or otherwise (or information from which such items might be ascertained), from franchise or non-franchised units, that no such results can be assured or estimated, and that actual results will vary from unit to unit.

You understand and agree to all of the foregoing and represent and warrant that all of the above statements are true, correct and complete.

**PROSPECTIVE FRANCHISEE:**

\_\_\_\_\_  
Date

\_\_\_\_\_  
Date

\_\_\_\_\_  
Date

\_\_\_\_\_  
Date

**MARKETING REPRESENTATIVE:**

\_\_\_\_\_  
Date

**REVIEWED BY FRANCHISOR:**

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

Its: \_\_\_\_\_

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

**\*This Statement of Franchisee does not waive any liability Franchisor may have under the Washington Franchise Investment Protection Act, RCW 19.100, and the rules adopted thereunder.**

**EXHIBIT K**

**PICKLR FRANCHISE INC.**

**STATE EFFECTIVE DATES  
AND RECEIPTS**



### **STATE EFFECTIVE DATES**

The following states have franchise laws that require that the Franchise Disclosure Document be registered or filed with the state, or be exempt from registration: California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, and Wisconsin.

This document is effective and may be used in the following states, where the document is filed, registered or exempt from registration, as of the Effective Date stated below:

<b>State</b>	<b>Effective</b>
California	
Hawaii	
Illinois	
Indiana	
Maryland	
Michigan	
Minnesota	
New York	
North Dakota	
Rhode Island	
South Dakota	
Virginia	
Washington	Pending
Wisconsin	

Other states may require registration, filing, or exemption of a franchise under other laws, such as those that regulate the offer and sale of business opportunities or seller-assisted marketing plans.

**EXHIBIT K**  
**RECEIPT**  
**(Retain This Copy)**

This Franchise Disclosure Document summarizes certain provisions of the Franchise Agreement and other information in plain language. Read this Franchise Disclosure Document and all agreements carefully.

If Picklr Franchise Inc. offers you a franchise, it must provide this Franchise Disclosure Document to you 14 calendar days before you sign a binding agreement with, or make a payment to, Franchisor or an affiliate in connection with the proposed franchise sale. Under Illinois, Iowa, Maine, Nebraska, New York, Oklahoma, Rhode Island, or South Dakota law, if applicable, Picklr Franchise Inc. must provide this Franchise Disclosure Document to you at your first personal meeting to discuss the franchise or 10 business days before the execution of the franchise agreement or other agreement or the payment of any consideration that relates to the franchise relationship.

If Picklr Franchise Inc. does not deliver this Franchise Disclosure Document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, DC 20580, and the appropriate state agency identified on **Exhibit E**.

The name, principal business address and telephone number of each franchise seller offering the franchise:

David Fromal, 559 S. Deseret Drive, Kaysville, UT 84037, 678.488.0277 or \_\_\_\_\_.

Issuance Date: February 23, 2024

See **Exhibit E** for our registered agents authorized to receive service of process.

I have received a disclosure document dated February 23, 2024 that included the following Exhibits:

Exhibit A:	Financial Statements
Exhibit B:	Franchise Agreement
Exhibit C:	Multi-Unit Development Agreement
Exhibit D:	Sample General Release
Exhibit E:	List of Current Franchisees and Former Franchisees
Exhibit F:	List of State Administrators and Agents for Service of Process
Exhibit G:	State-Specific Addendum
Exhibit H:	Operations Manual Table of Contents
Exhibit I:	Nondisclosure and Noncompetition Agreement
Exhibit J:	Statement of Franchisee
Exhibit K:	Receipts

_____ Date	_____ Signature	_____ Printed Name
_____ Date	_____ Signature	_____ Printed Name
_____ Date	_____ Signature	_____ Printed Name
_____ Date	_____ Signature	_____ Printed Name

**Please sign this copy of the receipt, date your signature, and retain it for your records.**

**EXHIBIT K**  
**RECEIPT**  
**(Our Copy)**

This Franchise Disclosure Document summarizes certain provisions of the franchise agreement and other information in plain language. Read this Franchise Disclosure Document and all agreements carefully.

If Picklr Franchise Inc. offers you a franchise, it must provide this Franchise Disclosure Document to you 14 calendar days before you sign a binding agreement with, or make a payment to, Franchisor or an affiliate in connection with the proposed franchise sale. Under Illinois, Iowa, Maine, Nebraska, New York, Oklahoma, Rhode Island, or South Dakota law, if applicable, Picklr Franchise Inc. must provide this Franchise Disclosure Document to you at your first personal meeting to discuss the franchise or 10 business days before the execution of the franchise agreement or other agreement or the payment of any consideration that relates to the franchise relationship.

If Picklr Franchise Inc. does not deliver this Franchise Disclosure Document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, DC 20580, and the appropriate state agency identified on **Exhibit E**.

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_____ Date	_____ Signature	_____ Printed Name
_____ Date	_____ Signature	_____ Printed Name
_____ Date	_____ Signature	_____ Printed Name
_____ Date	_____ Signature	_____ Printed Name

**Please sign this copy of the receipt, date your signature, send it to [Franchise@thepicklr.com](mailto:Franchise@thepicklr.com)**