**FRANCHISE DISCLOSURE DOCUMENT**

Smash Franchising LLC
A Delaware limited liability company
1225 Jefferson Road #13
Rochester, NY 14623
Tel: (585) 601-2247
sales@ismashfranchise.com
www.ismashusa.com

The franchise that we offer is for iSmash, an entertainment center that allows customers to smash common household items using instruments such as baseball bats, crowbars, and sledgehammers from a safe and fun environment and other optional add on services such as splatter paint, axe throwing and other services and products (each, a "Franchised Business" or "Center"). We offer individual unit Center franchises and area development franchises for the development of multiple Centers within a designated territory.

The total investment necessary to begin operation of an iSmash Center under a franchise agreement is $349,743 to $779,511. This includes $114,305 to $164,672 that must be paid to the franchisor or its affiliates. The total investment necessary to begin operation of two iSmash Centers under a multi-unit development agreement is $389,743 to $819,511. This includes $154,305 to $204,672 that must be paid to the franchisor or its affiliates. The total investment necessary to begin operation of five iSmash Centers under a multi-unit development agreement is $499,743 to $929,511. This includes $264,305 to $314,672 that must be paid to the franchisor or its affiliates. The minimum number of Centers that you may develop under a multi-unit development agreement is two.

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

You may wish to receive your disclosure document in another form that is more convenient for you. To discuss the availability of disclosures in different forms, contact Eugene Vaksman, Smash Franchising LLC, 1225 Jefferson Road #13, Rochester, NY 14623.

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

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

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

Issuance Date: April 15, 2026 as amended May 8, 2026

## How to Use This Franchise Disclosure Document

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

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

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

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

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

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

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

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

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

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

## Some States Require Registration

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

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

## Special Risks to Consider About *This* Franchise

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

1. **Out-of-State Dispute Resolution**. The franchise agreement and multi-unit development agreement require you to resolve disputes with the franchisor by mediation, arbitration, and/or litigation only in New York. Out-of-state mediation, arbitration, or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to mediate, arbitrate, or litigate with the franchisor in New York 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. **Mandatory Minimum Payments**. You must make minimum advertising and other payments, regardless of your sales levels. Your inability to make the payments may result in termination of your franchise and loss of your investment.

4. **Unopened Franchises**. The franchisor has signed a significant number of franchise agreements with franchisees who have not yet opened their outlets. If other franchisees are experiencing delays in opening their outlets, you also may experience delays in opening your own outlet.

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

NOTICE REQUIRED BY THE STATE OF MICHIGAN

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

The Michigan Franchise Law states in Sec. 445.1527, Sec.27 that each of the following provisions is void and unenforceable if contained in any documents relating to a franchise:

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

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

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

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

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

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

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

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

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

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

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

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

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

If the franchisor's most recent financial statements are unaudited and show a net worth of less than $100,000.00, the franchisee may request the franchisor to arrange for the escrow of initial investment and other funds paid by the franchisee until the obligations, if any, of the franchisor to provide real estate, improvements, equipment, inventory, training or other items included in the franchise offering are fulfilled. At the option of the franchisor, a surety bond may be provided in place of escrow.

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

Any questions regarding this notice should be directed to:

State of Michigan
Department of Attorney General
CONSUMER PROTECTION DIVISION
Attention: Antitrust & Franchise
G. Mennen Williams Building, 1st Floor
525 West Ottawa Street
Lansing, Michigan 48909
Telephone Number: (517) 373-7117

TABLE OF CONTENTS

| ITEM | | PAGE |
|---|---|---|
| 1. | THE FRANCHISOR AND ANY PARENTS, PREDECESSORS AND AFFILIATES | 1 |
| 2. | BUSINESS EXPERIENCE | 3 |
| 3. | LITIGATION | 5 |
| 4. | BANKRUPTCY | 5 |
| 5. | INITIAL FEES | 5 |
| 6. | OTHER FEES | 6 |
| 7. | ESTIMATED INITIAL INVESTMENT | 11 |
| 8. | RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES | 15 |
| 9. | FRANCHISEE'S OBLIGATIONS | 18 |
| 10. | FINANCING | 19 |
| 11. | FRANCHISOR'S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS AND TRAINING | 20 |
| 12. | TERRITORY | 27 |
| 13. | TRADEMARKS | 29 |
| 14. | PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION | 30 |
| 15. | OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS | 31 |
| 16. | RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL | 31 |
| 17. | RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION | 32 |
| 18. | PUBLIC FIGURES | 38 |
| 19. | FINANCIAL PERFORMANCE REPRESENTATIONS | 39 |
| 20. | OUTLETS AND FRANCHISEE INFORMATION | 47 |
| 21. | FINANCIAL STATEMENTS | 50 |
| 22. | CONTRACTS | 50 |
| 23. | RECEIPTS | 50 |

EXHIBITS

A. LIST OF STATE ADMINISTRATORS
B. LIST OF AGENTS FOR SERVICE OF PROCESS
C. TABLE OF CONTENTS OF OPERATIONS MANUAL
D. FINANCIAL STATEMENTS
E. FRANCHISE AGREEMENT
F. MULTI-UNIT DEVELOPMENT AGREEMENT
G. LIST OF FRANCHISEES
H. LIST OF FRANCHISEES WHO HAVE LEFT THE SYSTEM
I. STATE SPECIFIC ADDENDA
J. STATE EFFECTIVE DATES
K. RECEIPTS

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

Smash Franchising LLC, the franchisor of the iSmash franchise is referred to in this franchise disclosure document (the "Disclosure Document") as "we", "us" or "our" as the context requires. A franchisee is referred to in this Disclosure Document as "you" and "your" as the context requires. If you are a corporation, partnership or other legal entity (a "Corporate Entity"), our franchise agreement will also apply to your individual owners, shareholders, members, officers, directors and other principals.

### The Franchisor

We are a Delaware limited liability company established on May 26, 2021. Our principal place of business is 1225 Jefferson Road #13, Rochester, NY 14623. We conduct business under our corporate name Smash Franchising LLC and under the iSmash trade name. Our business is operating the iSmash Center franchise system and granting franchises to third parties like you to develop and operate a Center. We began offering franchises on November 5, 2021. Other than as discussed above, we are not in any other business, we have not conducted business in any other line of business, we do not conduct or operate a Franchised Business of the type to be operated by a franchisee, and we have not offered or sold franchises in any other line of business. We do not have any predecessors. Our registered agents for service of process are disclosed in Exhibit B of this Disclosure Document.

### Our Parent

Our parent company is Shortino Ventures LLC, a New York limited liability company with its principal place of business at 1225 Jefferson Road #13, Rochester, NY 14623. Shortino Ventures LLC has not in the past and does not now offer franchises in any lines of business and does not operate a business of the type offered in this Disclosure Document.

### The Franchised Business

We license a system (the "System") for the operation of an iSmash Center, an entertainment center that allows customers to smash common household items using instruments such as baseball bats, crowbars, and sledgehammers from a safe and fun environment and other optional add on services such as splatter paint, axe throwing and other services and products (the "Approved Services and Products") provided on-site from a single fixed location (the "Center Location") within a designated territory. The System is presently identified by the iSmash trademark, the iSmash logo and other trademarks, service-marks, logotypes, and commercial symbols as we may designate, modify and adopt from time to time for use in the System and as same may or may not be registered with the United States Patent and Trademark Office (collectively referred to as the "Licensed Marks"). The System features the prominent display of the Licensed Marks and our trade dress.

We refer to iSmash centers in our System as "Centers" and we refer to the Center that you will develop and operate as either "your Center" or the "Franchised Business". You may enter into a franchise agreement in the form attached to this Disclosure Document as Exhibit E (the "Franchise Agreement") to develop and operate a Center from a single Center Location. Under the Franchise Agreement you will develop and operate your Center in conformity with the requirements of our System. The System includes Approved Services and Products that we currently designate and that we may modify, add to or discontinue from time to time, and our specifications, methods and procedures for marketing, selling, offering, and providing the Approved Services and Products. The System also features and requires, as designated by us, your exclusive purchase, use, and maintenance of certain merchandise, inventory, products, supplies, and goods constituting or comprising the Approved Services and Products offered for sale and/or the services provided and, further includes, displays, equipment, furniture, and fixtures designated by us (collectively, the "System Supplies"). You must operate your Center in conformity with the specifications, procedures, criteria and requirements that we designate in our confidential operations manual and other proprietary

manuals that we may designate and loan to you and, as we may from time-to-time supplement and modify other manuals and communications (collectively, the "Manuals").

All iSmash Centers will offer and provide customers the ability to smash common household items using instruments such as baseball bats, crowbars, and sledgehammers (the "Smash Services"). In addition to the Smash Services, all iSmash Centers you provide a splatter paint room which offers and provides customers the ability to throw UV glow-in-the-dark paint and create art on a canvas in a black-lit controlled area (the "Splatter Paint Services"). You may also provide Axe Throwing Services and other activities in addition to the Smash Services and Splatter Paint Services at your Center which offers and provides customers the ability to play various games by throwing axes at computerized projected targets within a controlled area (the "Axe Throwing Services").

**Franchise Agreement**

You may enter into a Franchise Agreement in the form attached to this Disclosure Document as Exhibit E to develop and operate one Center from a single Center Location within a designated territory. If you sign a Franchise Agreement, you will be required to develop and operate the Franchised Business in conformity with the requirements of our System and at a Center Location that we approve in writing. A Center will, ordinarily, be located in high traffic retail commercial locations, including strip shopping centers. If you do not have an approved site for your Center Location, you must select a site in accordance with the Franchise Agreement and obtain our written approval of the Center Location. Your rights in the System will be limited to the establishment and operation of a single Center offering, selling, and/or providing only our Approved Services and Products from your approved Center Location and using only our System Supplies. Your Center must conform to the requirements of our System. Your Franchise Agreement will designate whether your Center will be permitted to provide Splatter Paint Services and/or Axe Throwing Services from your Center Location.

**Multi-Unit Development Agreement**

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

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

## Our Affiliates

Smash IP Holdings LLC
Our affiliate Smash IP Holdings LLC is a New Mexico limited liability company established on May 6, 2021 with its principal place of business at 1225 Jefferson Road #13, Rochester, New York 14623. This affiliate owns the Licensed Marks. This affiliate has not in the past and does not now offer franchises in any lines of business and does not operate a business of the type offered in this Disclosure Document.

Smash Therapy, Inc.
Our affiliate Smash Therapy, Inc. is a New York corporation established on June 4, 2018. This affiliate maintains a principal business address at 1225 Jefferson Road, #24, Rochester, New York, 14623. This affiliate operates an iSmash Center that is similar to the Franchised Business. This affiliate has not in the past and does not now offer franchises in any lines of business.

Rage Room Against The Routine, LLC
Our affiliate Rage Room Against The Routine, LLC is a New York limited liability company established on February 24, 2021. This affiliate maintains a principal business address at 2104 W. Genesee Street, Syracuse, New York 13219. This affiliate operates an iSmash Center that is similar to the Franchised Business. This affiliate has not in the past and does not now offer franchises in any lines of business.

## Market and Competition

You will be competing with numerous rage rooms and smash centers that sell, offer and provide customers the ability to smash items for entertainment. You will be competing with many local rage rooms that are independently owned or part of regional or national chain. You may also be competing with businesses that offer paint splatter and/or axe throwing activities. The market for the products and services sold by the Franchised Business is not seasonal and is very highly competitive.

## Industry Specific Laws

Many states and local jurisdictions have laws, rules, and regulations that may apply to your Center, including rules and regulations related to construction, design and maintenance of your Center, construction requirements, zoning; health and sanitation requirements for Center operations and employee practices; employee health and safety and emergency preparedness; use, storage and disposal of waste; product labeling; equal access for the disabled (including requirements imposed by The Americans with Disabilities Act of 1990 and numerous state equivalent laws that may affect your Center construction and/or location requirements, including specialized entrance ramps, doors, seating, bathroom facilities and other facility requirements). You should investigate and evaluate how these regulations and requirements and other regulations and requirements apply in the geographic where you will be locating your Center.

# ITEM 2
# BUSINESS EXPERIENCE

Steven Shortino, Founder and Chief Executive Officer
Steven Shortino is our Founder and has been our Chief Executive Officer since January 2024. Prior to this position, he served as our Director of Franchise Development from May 2021 to December 2023 based out of Rochester, New York. Since October 2018 and continuing to date, Mr. Shortino has served as Founder and Owner of our affiliate owned iSmash Center located in Rochester, New York.

Eugene Vaksman, Director of Franchise Sales
Eugene Vaksman is our Director of Sales and has served in this role since our formation on May 26, 2021, based out of Boca Raton, Florida. Since April 2018 and continuing to date, Mr. Vaksman has served as a self-employed Franchise Sales Consultant located in Seekonk, Massachusetts. From April 2013 to

November 2020, Mr. Vaksman served as the Franchise Development Manager for Authority Brands (Cleaning Authority, Ben Franklin Plumbing, Mr. Sparky Electric, and One Hour Heating & Air) in Columbia, Maryland.

Maurice McGee, Controller

Maurice McGee is our Controller and has served in this role since October 15, 2021, based in Columbus, Ohio. Since March 2021 and continuing to date, Mr. McGee has served as Managing Director of Brightlight Accounting, Tax & Advisory located in Columbus, Ohio. Since August 2021 and continuing to date, Mr. McGee has served as a Business Advisor – Financial Management for SBC Small Business Advising in Columbus, Ohio. From January 2018 to March 2021, Mr. McGee served as a Manager of Rev1 Ventures in Columbus, Ohio.

Kevin MacMaster, Chief Operating Officer

Kevin MacMaster is our Chief Operating Officer and has served in this role since January 2025 based in Rochester, New York. Prior to this position, Mr. MacMaster was our Franchise Support and Development Representative from October 2023 to January 2025 in Rochester, New York. Mr. MacMaster also served as a General Manager of the affiliate owned iSmash center located in Rochester, New York from March 2021 to October 2023. From October 2018 to March 2021, Mr. MacMaster served as the Assistant Manager of the iSmash center in Rochester, New York.

Jacqueline Shortino, Director of Marketing

Jacqueline Shortino is our Director of Marketing and has served in this role since March 2024 in Rochester, New York. In addition to her position with us, Ms. Shortino has been a Content Creator for our affiliate owned iSmash centers based in Rochester, New York since September 2019 to present. Ms. Shortino is also the owner and photographer of Jacquie Shortino Photography in Rochester, New York from September 2014 to present. She also serves as a Content Creator for ReMax in Rochester, New York from October 2023 to present. From May 2020 to August 2023, Ms. Shortino was a Marketing Department Staff member of the Pavilion Gift Company in Bergen, New York.

Steven Carnavole, Ph.D., Lead Supply Chain Advisor

Steven Carnavole has been our Lead Supply Chain Advisor since September 2024 in Boca Raton, Florida. In addition to his position with us, Mr. Carnavole has been an Associate Professor at Florida Atlantic University in Boca Raton, Florida since January 2023 to present. Prior to this position, Mr. Carnavole was an Associate Professor at Rochester Institute of Technology in Rochester, New York from August 2018 to December 2022.

Scott Laviano, Director of Franchisee Performance

Scott Laviano has been our Director of Franchisee Performance since September 2025 based in Rochester, New York. Prior to this position, Mr. Laviano was our Process Improvement Manager from June 2024 to September 2025 in Rochester, New York. Mr. Laviano was a Compliance and Equipment Manager for Quality Roofing in Tampa, Florida from March 2021 to October 2023. From October 2013 to June 2021, Mr. Laviano was the Owner and Founder of Eddit Bull's Cookie Dough and YoYo Juice Inc. in Valrico, Florida.

Julie Samuels Schlang, Lead Marketing Consultant

Julie Samuels Schlang has been our Lead Marketing Consultant since October 2024 in Westport, Connecticut. Prior to her position with us, Ms. Schlang was a Vice President of Customer Success and Operations with Eulerity, a franchise digital marketing supplier in New York City, New York from March 2022 to December 2024. From June 2021 to March 2022, Ms. Schlang was an Assistant Vice President of Customer Success and Operations for Eulerity in New York City, New York.

Kellie Shortino, Administrative Assistant
Kellie Shortino has been our Administrative Assistant since August 2024 in Rochester, New York. In addition to this position, Ms. Shortino is an Assistant Manager at the iSmash Center located in Rochester, New York from March 2019 to present.

Alexander Nells, Franchise Support Representative
Alexander Nells has been our Franchise Support Representative since April 2025 in Rochester, New York. Prior to this position, Mr. Nells was the General Manager of the affiliate owned iSmash center located in Rochester, New York from July 2023 to April 2025. From March 2020 to June 2023, Mr. Nells was a General Manager in Training for Chipotle in Rochester, New York.

## ITEM 3
## LITIGATION

No litigation is required to be disclosed in this Item.

## ITEM 4
## BANKRUPTCY

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

## ITEM 5
## INITIAL FEES

**Franchise Agreement**
When you sign a Franchise Agreement you will pay to us a non-refundable initial franchise fee in the amount of $59,950 (the "Initial Franchise Fee"). The Initial Franchise Fee is fully earned by us upon payment. The method we use to calculate the Initial Franchise Fee is uniform for all franchises that we offer through this Disclosure Document, though we may discount an Initial Franchise Fee in our discretion. Initial Franchise Fees are nonrefundable.

(a) Qualified Active U.S. Military or Veteran's Discount – For qualified individuals who are on active duty or were honorably discharged from any branch of the United States Military, we offer a 10% discount of the Initial Franchise Fee and, if applicable, the Development Area Fee (defined below). The discount must be requested at the time of signing the Franchise Agreement and, if applicable, the Development Area Fee and cannot be combined with any other discounts offered under this Disclosure Document. This discount is subject to our approval of the franchisee entering into our franchise system.

(b) In Term Additional Territory – If during the term of your initial Franchise Agreement you enter into an additional iSmash Franchise Agreement, we may discount the Initial Franchise Fee for each subsequent iSmash Franchise Agreement. In such an event, the Initial Franchise Fee will not be subject to any active military, military veteran, nor any other discount. Prior to entering into any additional Franchise Agreements with us you must be in full compliance with the terms of all of your agreements with us and you must obtain our approval. This discount is subject to our approval of the franchisee and the franchisee's satisfaction of our qualifications for this discount, including, but not limited to, appropriate financial statements. This discount cannot be combined with other discounts on the Initial Franchise Fee.

**Opening Inventory**
You must purchase your opening inventory from us, including consumable inventory, equipment, apparel, tools, supplies, uniforms, gift cards, smashing tools, and smashable inventory (the "Opening Inventory Package"). We estimate that your initial investment for the Opening Inventory Package will range between

$9,779 and $17,329. The Opening Inventory Package will be fully earned by us upon payment and is non-refundable.

**Furniture, Fixtures and Equipment**
You are required to obtain certain furniture, fixtures and equipment for your Center. You have the option to obtain these required items from approved suppliers, and you may choose to obtain them from us. We estimate your initial investment if made to us for the Furniture, Fixtures and Equipment will range from $34,576 to $72,393. If purchased from us, your furniture, fixtures and equipment will be non-refundable.

**Grand Opening Marketing**
We require you to spend between $10,000 and $15,000 on the Grand Opening Marketing prior to opening your Center. At our request, you shall give us the money for your Grand Opening Marketing, and we will conduct the Grand Opening Marketing on your behalf.

**Multi-Unit Development Agreement**
If you sign a Multi-Unit Development Agreement, you must pay a fixed non-refundable development area fee of $40,000 for your second Center, $40,000 for your third Center, $35,000 for your fourth Center, and $35,000 for your fifth Center (the "Development Area Fee"), over and above the first Center authorized by the Franchise Agreement, that you will be authorized to develop under the Multi-Unit Development Agreement. The minimum number of Centers that you may agree to develop is two and the maximum is five. The Development Area Fee that you must pay to us is in addition to the Initial Franchise Fee that you must pay to us at the time of signing the Franchise Agreement for your first Center. At the time of signing the Franchise Agreement for each additional Center authorized by the Multi-Unit Development Agreement, over and above your first Center, you will not be required to pay us an additional Initial Franchise Fee. The minimum number of Centers you can open under the Multi-Unit Development Agreement is two Centers and the maximum number you can open is five Centers. The Development Area Fee is fully earned by us upon payment, represents consideration for a designated development area as referenced in Item 12 of this Disclosure Document. The method we use to calculate the Development Area Fee is uniform for all franchises that we offer through this Disclosure Document, except we offer a qualified active U.S. military or veteran's discount.

## ITEM 6
## OTHER FEES

| Type of Fee (Note 1) | Amount | Due Date | Remarks |
|---|---|---|---|
| Royalty (Notes 2 and 3) | 6% of Gross Sales | Instantly on a per transaction basis | Will be pre-deducted from Gross Sales received by us from customers of your Franchised Business or, if applicable, automatically deducted from your bank account by ACH or other means designated by us. |
| Brand Development Fund (Note 4) | Up to 2% of Gross Sales, not currently assessed | Instantly on a per transaction basis | Will be pre-deducted from Gross Sales received by us from customers of your Franchised Business or, if applicable, automatically deducted from your bank account by ACH or other means designated by us. |

| | | | |
|---|---|---|---|
| Local Marketing (Note 5) | 5% of Gross Sales or $3,000 per month, whichever is greater | As incurred | You must spend the greater of 5% of your Gross Sales or $3,000 per month on pre-approved marketing within your designated territory. We may require your expenditures for local marketing to be used in cooperative advertising, if established, which will not be more than 2% of Gross Sales. If established, Franchisor and franchisee cooperative members will have equal voting power. |
| Digital Marketing Program | $800 per month | On demand | You must participate in our digital marketing program as set forth by us in our Manuals. The digital marketing program provides comprehensive management of your digital marketing initiatives, including social media management, email marketing, and digital ads management. The digital marketing program fee may vary depending on the services provided and we can adjust this fee upon notice to you but will not increase the monthly amount more than $1,250. |
| Technology Fee (Note 6) | Up to $500 per month, currently $300 per month | Monthly as invoiced | Will be pre-deducted from Gross Sales received by us from customers of your Franchised Business or, if applicable, automatically deducted from your bank account by ACH or other means designated by us. |
| Annual Conference Attendance Fee (Note 7) | Our then current conference fee, not greater than $1,500 | When invoiced and before conference | Will be pre-deducted from Gross Sales received by us from customers of your Franchised Business or, if applicable, automatically deducted from your bank account by ACH or other means designated by us. |
| Additional Employee Initial Training | Our then current training fee, currently $300 per person per day | When invoiced and prior to training | Under our pre-opening initial training, we will train you or your Managing Owner and one designated manager at no additional charge. This fee is for initial training, either before or after you open. Initial training is conducted virtually or at the facilities we designate and you must pay for all other expenses of your trainees, including salary, travel and accommodations. |

| | | | |
|---|---|---|---|
| Supplemental On-Site Training | Our then current daily rate per trainer, plus expenses we incur. The current rate is $300 per day | When invoiced and prior to training | If you request or we require on-site training at your Center, you must pay our then current trainer fee plus our expenses related to travel and accommodations. |
| Interest (Note 8) | 18% per annum from due date | On demand | Payable on all overdue amounts, fees, charges, and payments due to us under the Franchise Agreement. Interest rate cannot exceed legal rate allowed by law and may be adjusted to reflect same. |
| Reporting Non-Compliance | $150 per occurrence | 14 days of invoice | Payable for failure to timely submit Royalty and Activity Reports, and other reports and financial statements as required under Franchise Agreement. |
| Operations Non-Compliance | $150 to $500 per occurrence | 14 days of invoice | Payable for failure to comply with operational standards as required and specified under the Franchise Agreement, plus inspection and re-inspection costs incurred by us. |
| Payment Non-Compliance | $150 per occurrence | 14 days of invoice | Payable for failure to timely pay, when due, a fee or payment due to us under the Franchise Agreement, plus interest, costs and legal fees. |
| Audit | Cost of audit | On demand | For costs incurred by us for each financial audit, provided the audit determines underreporting of 2% or greater during any designated audit period. Includes fees incurred by us including audit, legal, travel and reasonable accommodations. |
| Quality Assurance Audit | Actual costs incurred by us | As invoiced | Payable if we engage a third party to perform periodic quality assurance audits, including mystery shopper programs. |
| Collections | Actual fees, costs, and expenses | On demand | For costs and expenses incurred by us in collecting fees due to us, and/or to enforce the terms of the Franchise Agreement or a termination of the Franchise Agreement. Includes costs and expenses of re-inspections required by quality assurance audit. |
| | Amount equal to the average Royalty Fees, Brand Development Fund Fee, Advertising Contributions, and | | |

| | | | |
|---|---|---|---|
| Liquidated Damages | all other fees earned for the last 12 months (or shorter period, if your Franchised Business has been in operation less than 12 months), multiplied by: 18 or the number of months remaining in the term, whichever is less | On demand | We may require you to pay us this amount in the event you terminate the Franchise Agreement without cause or we terminate the Franchise Agreement for cause. |
| NSF Check Fee of Failed Electronic Fund Transfer | 5% of amount or $50, whichever is greater, or maximum fee allowed by law | On demand | Payable if your bank account possesses insufficient funds and/or fails to process a payment or transfer related to a fee due from you to us. |
| Non-Compliance | Actual fees, costs, and expenses | On demand | Fees, costs and expenses incurred by us as a result of your breach or noncompliance with the terms of your Franchise Agreement. |
| Supplier Review | Actual fees, costs, and expenses | Within 14 days of invoice | You must pay us the costs incurred by us to review and evaluate a potential supplier, product, or service that you submit to us for approval. |
| Management Service | Actual costs incurred by us | As invoiced | Payable if we elect to manage the Franchised Business due to a failure by you to have the Franchised Business managed by an authorized Managing Owner or Manager. |
| Transfer | $10,000 | On demand | Payable if we approve your transfer request, but prior to execution of final transfer agreements and authorization. |
| Renewal | $5,000 | On signing the renewal Franchise Agreement | Payable if we approve your renewal request and upon signing our then current Franchise Agreement. |

Explanatory Notes to Item 6
"Other Fees"

Note 1: Type of Fee – The above table describes fees and payments that you must pay to us, our affiliates, or that we may impose or collect on behalf of a third party. If applicable, and, at our election, we require payment from you subject to our specification and instruction, including, our election to have fees automatically drafted from your business bank account or automatically debited or charged to your business bank account. We may also have our point of sale system charge fees on a per transaction basis. You will be required to sign an ACH Authorization Form (Franchise Agreement, Exhibit 7) permitting us to electronically debit your designated bank account for payment of all fees payable to us and/or our affiliates. All fees are uniformly imposed for all franchises offered under this Disclosure Document, are recurring, are not refundable, and are payable to us, unless otherwise specified. You must install and use, at your

expense, the pre-authorized payment, point of sale, credit card processing, automatic payment, automated banking, electronic debit and/or electronic funds transfer systems that we designate and require in the operation of your Center. You must pay all service charges and fees charged to you by your bank so that we may electronically debit your bank account.

Note 2: Royalty Fees – You must pay to us a continuing royalty fee (the "Royalty Fee"). The continuing Royalty Fee is payable and due instantly on a per transaction basis and is equal to 6% (the "Royalty Rate") of all Gross Sales (defined below) of your Center.

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

Note 4: Brand Development Fund – The brand development fund fee is a continuing weekly fee equal to an amount of up to 2% of your weekly Gross Sales (the "Brand Development Fund"). Currently we do not charge a Brand Development Fund Fee but reserve the right to implement one at any time in the future.

Note 5: Local Marketing – On an on-going monthly basis, you must spend the greater of: (i) 5% of your monthly Gross Sales; or (ii) $3,000 per month on the local marketing of your Center within your designated territory and in accordance with our standards and specifications. The Local Marketing requirement does not include the Digital Marketing Program Fee.

Note 6: Technology Fee – The continuing monthly Technology Fee is an administrative fee and is not associated with any particular service but is used, at our discretion, to defray some of our costs related to system website and intranet (the "Technology Fee"). Currently we charge a monthly Technology Fee of $300 per month. We reserve the right to increase the fee at any time in the future provided that the monthly Technology Fee shall not exceed $500 per month.

Note 7: Annual Conference Attendance Fee – If we offer a franchisee annual conference in a given year you will be required to attend the conference on the dates and at the location that we designate. You will be responsible for all travel and lodging expenses. We may charge you an annual conference fee in an amount not exceeding $1,500. We reserve the right to charge the annual conference fee to those franchisees that do not attend. We will not require your attendance at an annual conference for more than three days during any calendar year.

Note 8: Interest Rate – The maximum interest rate in California is 10% annually.

## ITEM 7
## ESTIMATED INITIAL INVESTMENT

### YOUR ESTIMATED INITIAL INVESTMENT

**Franchise Agreement**

| Type of Expenditure | Amount | Method of Payment | When Due | To Whom Payment is Made |
|---|---|---|---|---|
| Initial Franchise Fee (Note 1) | $59,950 | Lump sum | When Franchise Agreement is signed | Us |
| Construction and Leasehold Improvements (Note 2) | $170,360 – $425,255 | As arranged | As incurred | Contractors, suppliers, and/or landlord |
| Lease Deposits (Note 3) | $7,041 – $35,887 | As arranged | As incurred | Landlord |
| Furniture, Fixtures and Equipment (Note 4) | $34,576 – $72,393 | As arranged | As incurred | Suppliers or Us |
| Signage (Note 5) | $17,262 – $37,887 | As arranged | As incurred | Suppliers |
| Computer, Software and Point of Sale System (Note 6) | $5,775 – $8,310 | As arranged | As incurred | Suppliers |
| Grand Opening Marketing (Note 7) | $10,000 – $15,000 | As arranged | As incurred | Suppliers or Us |
| Opening Inventory Package (Note 8) | $9,779 - $17,329 | As arranged | As incurred | Us |
| Utility Deposits (Note 9) | $0 – $1,000 | As arranged | As incurred | Suppliers |
| Insurance Deposits – Three Months (Note 10) | $2,500 – $6,500 | As arranged | As incurred | Insurers |
| Professional Fees (Note 11) | $15,000 – $35,000 | As arranged | As incurred | Attorneys, accountants, architects, advisors |
| Licenses and Permits (Note 12) | $2,500 – $15,000 | As arranged | As incurred | Government |
| Additional Funds – Three Months (Note 13) | $15,000 – $50,000 | As arranged | As incurred | Employees, suppliers, landlord, utility suppliers |
| Total Estimate (Note 14 | $349,743 – $779,511 | | | |

Explanatory Notes to Item 7
For a Franchise Agreement

Note 1: Initial Franchise Fee – The Initial Franchise Fee for a single franchise under a Franchise Agreement is $59,950.

Note 2: Construction and Leasehold Improvements – This estimate is for the cost of construction, construction management and build-out of an iSmash Center offering three to four smash rooms, one to two room for parties and events, two to three paint rooms, and three to four axe throwing lanes, but does not including furniture, fixtures and equipment. Our estimates are based on the assumption that the typical square footage of a Center is 4,000 to 7,500 square feet. These estimates are based on the assumption that the location that you select for your Center is a site delivered to you with only interior dry wall/sheetrock completed ("vanilla box" condition) without pre-existing interior improvements, heating/cooling systems, electrical systems, ADA compliant restrooms and a concrete slab floor. This estimate does not include architectural fees or other fees charged by licensed professionals other than general contractors and licensed tradesmen and does not include any special heating cooling or ductwork required by an iSmash Center. The low end of this estimate assumes you will receive a $10 per square foot tenant improvement allowance from the landlord of your Center. The high end of this estimate assumes you do not receive a tenant improvement allowance.

Note 3: Lease Deposits – You must operate your iSmash Center from a Center Location that we approve and complies with state and local laws. If you do not already own or lease a suitable location, you will be required to lease a location that meets our standards and is approved by us. This estimate is based on the assumption that you will be leasing your iSmash Center Location and is for the estimated amount of the initial lease deposit that you will be required to pay to the landlord at the time of signing your lease and before opening your Center. The low end of the estimate is based on the assumption that your lease deposit will be equal to one month rent payment and the high end of the estimate assumes your lease deposit will be two months of rent payments. The typical square footage for a Center ranges from 4,000 to 7,500 square feet. The amount of your lease deposit is something that you will directly negotiate with the landlord and will vary significantly based on a number of factors that include location and your own negotiations. This estimate assumes you will not commence paying rent until your Center opens. This estimate does not include the purchase of real property should you elect to purchase the real property of your Center Location.

Note 4: Furniture, Fixtures and Equipment – You will be required to purchase certain types of furniture, fixtures and equipment for your Center. Among other things, you will be required to purchase "smashables," tools used for smashing and computer equipment from our affiliate, our approved manufacturers, and/or suppliers and/or subject to our specifications. The costs for furniture and fixtures may differ depending on the material quality and on other factors. Significant factors that will influence and will increase the cost of furniture, fixtures and equipment will depend on the size of your Center. The costs listed here do not include any transportation or set up costs. It is assumed that some of the equipment will be leased. If you elect to purchase such equipment, your costs may be higher. Third party financing may be available for qualified candidates for some of the leasehold improvement costs, however, with such financing comes associated costs and fees which will cause the cost to exceed what is indicated in this table. You may choose to purchase these required materials from us which will be non-refundable.

Note 5: Signs – You are required to purchase, subject to our design and construction specifications and approval, interior and exterior signs and displays that we designate. This estimate is for the cost to produce one exterior wall signage to be mounted to the outside of the building as well as all interior signage including graffiti artwork and/or vinyl graphics and window graphics. This estimate includes other elements of brand identification within the Center such as wall graphics.

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

Note 7: Grand Opening Marketing Expense – You must spend a minimum of $10,000 prior to the opening your Center to promote your grand opening. You must submit your grand opening marketing plan to us for our pre-approval. We will assist in your grand opening by assisting with setting up technology platforms, and post on social media. At our request, you shall give us the money for your Grand Opening Marketing, and we will conduct the Grand Opening Marketing on your behalf.

Note 8: Opening Inventory Package – You are required to purchase the Opening Inventory Package from us for certain including consumable inventory, equipment, apparel, tools, supplies, uniforms, gift cards, smashing tools, and smashable inventory used at your Center. We estimate the cost for the Opening Inventory Package is $9,779 to $17,329. The Opening Inventory Package is nonrefundable. You will continue to purchase certain products from us throughout the term of your Franchise Agreement.

Note 9: Utility Deposits – To secure the appropriate utilities required for the operation of your Center, including gas, electric, water, sewer and internet access, you will be required to pay upfront deposits to each applicable utility company.

Note 10: Insurance Deposits – Three Months – You are required to maintain certain insurance coverage. Your actual payments for insurance and the timing of those payments will be determined based on your agreement with your insurance company and agent. This estimate is for the cost of an initial deposit in order to obtain the minimum required insurance and we estimate this deposit to be equal to the amount of three months of monthly insurance premium payments. We recommend that you consult with your insurance agent before signing a Franchise Agreement.

Note 11: Professional Fees – This estimate is for costs associated with the engagement of professionals such as attorneys, accountants and architects for advisories consistent with the start-up of a Center. You will be required to hire an architect to develop plans that meet our standards and specifications and comply with applicable laws, rules and regulations for the development and operation of your Center. It is also advisable to consult these professionals to review any lease and other contracts that you will enter into as part of the development and operation of your Center.

Note 12: Licenses and Permits – You must apply for, obtain and maintain all required permits and licenses necessary to operate a Center. The licenses will vary depending on local, municipal, county and state regulations. All licensing fees are paid directly to the governmental authorities when incurred, and are due prior to opening the Franchised Business. This estimate does not include the cost of specialized licenses that involve a specialized application process and involve costs that vary significantly depending on state and location.

Note 13: Additional Funds – This is an estimate of the minimum recommended levels of additional funds that may be required to cover operating expenses such as employee salaries, inventory, rent, and utilities only for the initial three month period following the opening of your Center. This estimate does not include compensation to you or your owners and does not include interest, finance charges, or payments that may be incurred by you if you financed the development of your Center. In making this estimate, we have relied on the experiences of our affiliate in developing and operating iSmash Centers and our franchisees opening and developing in 2024. This is only an estimate for your initial three months of operations and more working capital and additional funds may be required depending on the sales and performance of your Center. Before signing a Franchise Agreement, you should consult with your accountant and advisor to

budget and determine the amount of additional funds that should be reserved and set aside by you to support and capitalize the long-term operations of your Center.

Note 14: About Your Estimated Initial Investment – This is an estimate of the initial start-up expenses for an iSmash Center. We have based these estimates on our franchisees who opened or were developing iSmash centers in 2024. These are only estimates and your costs and the range of those costs, may vary. These estimates do not include interest and financing charges that you may incur, and they do not include management level compensation payable to you or your owners. We will not finance any part of the initial investment. These estimates are for one Center only. If you sign a Multi-Unit Development Agreement, the estimated amount will be required for each Center that you develop.

**Multi-Unit Development Agreement**

**YOUR ESTIMATED INITIAL INVESTMENT**

| Type of Expenditure | Amount | Method of Payment | When Due | To Whom Payment is Made |
|---|---|---|---|---|
| Development Area Fee (Note 1) | $40,000 – $150,000 | Lump sum | When Franchise Agreement and Multi-Unit Development Agreement are signed | Us |
| Estimated Initial Investment to Open One Center (Note 2) | $349,743 – $779,511 | Estimated Initial Investment is based on the estimate contained in the Tables above of this Item 7 for a Franchise Agreement. | | |
| Total Estimate (Note 3) | $389,743 – $929,511 | | | |

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

Note 1: Development Area Fee and Franchise Fees – When you sign a Multi-Unit Development Agreement you must also sign a Franchise Agreement for the first Center that you will be required to develop under your Multi-Unit Development Agreement. At the time of signing your Multi-Unit Development Agreement, in addition to paying us the Initial Franchise Fee for your first Center, you will pay to us a Development Area Fee. The amount of the Development Area Fee varies depending on the number and type of additional Centers, over and above the first Center authorized by the Franchise Agreement that you will sign with the Multi-Unit Development Agreement, that you will be authorized to develop within the Development Area. The minimum number of Centers you can open under the Multi-Unit Development Agreement is two Centers and the maximum number you can open is five Centers. The low end of the estimate is for two Centers and the high end of the estimate is for five Centers.

The Development Area Fee is $40,000 for your second and third Center and $35,000 for your fourth and fifth Center, over and above the first Center authorized by the Franchise Agreement that you will sign with your Multi-Unit Development Agreement. You will not be required to pay to us an Initial Franchise Fee at the time of signing the Franchise Agreement for each additional Center, over and above the Initial Franchise Fee of $59,950 that you will pay at the time of signing the Franchise Agreement for the first Center in your Development Area and the Development Area Fee that you will pay to us at the time of signing the Multi-Unit Development Agreement.

Note 2: Estimated Initial Investment – This is the estimated initial investment for the development of one iSmash Center as reflected in Tables of the "Franchise Agreement" of this Item 7. It is important to review these Tables and the Explanatory Notes to the Tables in detail.

Note 3: Total Estimate – This is the total estimated investment to enter into a single unit Center Franchise Agreement and a Multi-Unit Development Agreement. Under the Multi-Unit Development Agreement, you will be granted the right to, potentially, develop and operate between two to five Centers. This estimate is only for the development of one iSmash Center. This estimate does not include the estimated initial investment that you will incur each and every time you develop a Center under your Multi-Unit Development Agreement, except for your first Center. We will not finance any part of the initial investment.

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

You may only offer and sell the Approved Services and Products. You may only use those products, supplies, equipment, technology systems, and services that we authorize and designate in writing. To ensure that our standards and specifications of quality, service and System development are maintained, you must operate your Center in strict conformity with the Franchise Agreement and the methods, standards, specifications and sources of supply that we designate and prescribe in the Manuals.

**Source Restricted Purchases and Leases – Generally**

We require that you purchase or lease certain source restricted goods and services for the development and operation of your Center. Source restricted goods and services are goods and services that must meet our specifications and/or that must be purchased from an approved or designated supplier that may include us or our affiliates. We may designate a supplier, including ourselves or our affiliates, as the exclusive supplier for the System. Our specifications and list of approved and designated suppliers are contained in our Manuals. We will notify you of any changes to our specifications or list of approved or designated suppliers. We may notify you of these changes in various ways, including written or electronic correspondence, amendments and updates to our Manuals, and other forms of communication. We formulate and modify our standards and specifications for products and services based on our industry experience and our management decisions as to the overall operation and expansion of the System. If we have previously approved a supplier, and their standards fall below our designated standards, we will revoke our approval. We will notify you in writing of us revoking our approval.

**Suppliers and Supplier Criteria**

We may designate ourselves and our affiliates as exclusive suppliers of source restricted goods and services. We may designate ourselves or a third party as the sole and exclusive supplier irrespective of the existence of competing suppliers. If, in the Manuals, we do not designate a supplier for a particular item, you will purchase all such products, supplies and services from suppliers who meet our specifications and standards.

We are currently a supplier of consumable inventory, breakables equipment, apparel, tools, supplies, uniforms, gift cards, smashing tools, smashable inventory, marketing materials and other branded items. You may source breakables from a local supplier with our approval. We are the exclusive supplier of the Opening Inventory Package. In the fiscal year ending December 31, 2025, we derived $256,833 as a result of franchisee purchases which is 26.65% of our total revenue of $963,848.

If you want to purchase or lease a source restricted item from a supplier that has not been previously approved or designated by us in writing, you must send us a written request for approval and submit additional information, samples, and testing data that we may request. We may charge you a fee equal to the actual costs and actual expenses that we incur in reviewing and evaluating an alternate supplier, product,

and/or service requested by you. We may request that you send us samples from the supplier for testing and documentation from the supplier for evaluation. We may also require, subject to our discretion, that we be allowed to inspect the supplier's facilities. We will notify you of our approval or disapproval within a reasonable time not exceeding 60 days after we receive your written request and all additional information and samples that we request. We may, in our sole discretion, withhold our approval. We do not make our procedures or criteria for approving suppliers available to our System franchisees, except that when evaluating the approval of a particular supplier, among other things, we consider: whether the supplier can demonstrate to our reasonable satisfaction the ability to meet our standards, specifications and production requirements, the suppliers quality control, whether or not we are the exclusive supplier of the particular item, whether or not our affiliate or affiliates are the exclusive supplier of the particular item, and whether or not the suppliers approval, in our sole determination, will allow us to advance the overall interests of the System and our company.

We estimate that your purchase of goods and services from suppliers according to our specifications, including your purchase of goods or services from our designated exclusive suppliers, to represent approximately 30% of your total purchases and leases in establishing the Franchised Business and approximately 30% of the on-going operating expenses of the Franchised Business. We currently require that you purchase or lease the following source restricted goods and services:

1. Lease – We will review the lease for the sole purposes of protecting our interests which may be aligned with your interests in signing the lease. We do not act as your legal counsel or representative in conducting this review and engaging the landlord in a negotiation. You must consult your own attorney for legal assistance with reviewing and negotiating the terms of your lease. We will require that your landlord acknowledge our rights as set forth in the lease agreement rider attached as Exhibit 4 to the Franchise Agreement (the "Lease Agreement Rider") and that you collaterally assign the lease to us as set forth in the collateral assignment of lease attached as Exhibit 5 to the Franchise Agreement. We possess the right to disapprove of a proposed lease if the landlord refuses to sign the Lease Agreement Rider in substantially the form set forth in Exhibit 4 to the Franchise Agreement. The Lease Agreement Rider grants certain rights to us, including our right to be notified in the event of a lease default and, potentially, for us to enter the premises of your Center.

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

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

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

5. Computer Equipment – Currently you are required to purchase and utilize a computer system on-site at your Center Location. In general, you will be required to obtain a computer system that will consist of certain hardware, software, and peripheral devices such as printers. You will be required to meet our requirements involving back office and point of sale systems, security systems, printers, back-up systems, and high-speed internet access.

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

7. Online Ordering, Customer Rewards, and Gift Cards – You must use our designated supplier and vendor for the ability to access and use online, point of sale integrated, web based, and/or app based, ordering, customer rewards, and/or gift card systems.

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

9. Insurance – You must obtain the insurance coverage that we require from time to time as presently disclosed in the Manuals and as we may modify. You may have to carry additional insurance as required by the landlord for your Center. All insurance policies required under your Franchise Agreement and as set forth in the Franchise Agreement must be written by a responsible carrier, reasonably acceptable to us and all insurance (excluding workers' compensation) must name us, our officers, directors, shareholders, partners, agents, representatives and independent contractors as additional insureds. The insurance policies must include a provision that the insurance carrier must provide us with no less than 30 days' prior written notice in the event of a material alteration to, or cancellation of, any insurance policy. A certificate of insurance must be furnished by you to use at the earlier of upon execution of the lease for your Center Location or prior to the commencement of our initial training program. Insurance coverage must be at least as comprehensive as the minimum requirements set forth below and in the Franchise Agreement (Franchise Agreement, Article 8). You must consult your carrier representative to determine the level of coverage necessary for the Franchised Business. Higher exposures may require higher limits.

Insurance Requirements

a) Coverage against direct physical loss or damage to real and personal property, including improvements and betterments, written on a special form peril basis, including flood and earthquake, if the relevant property is situated in a flood or earthquake zone, in an amount equal to 100% of the Franchised Business' property value;

b) Comprehensive general liability insurance, written on an occurrence basis, extended to include contractual liability, products and completed operations, and personal and advertising injury, with a combined bodily injury and property damage limit of at least $1,000,000 per occurrence and $2,000,000 in the aggregate;

c) Statutory workers' compensation insurance and employers' liability insurance as required by the law of the state in which the Franchised Business is located, including statutory workers' compensation limits and employers' liability limits as required by the state;

d) Business interruption insurance equal to 12 months of your net income and continuing expenses including Royalty Fees;

e) Cyber insurance in the amount of at least $1,000,000 protecting against first party and third party claims;

f) All other insurance that we require in the Manuals or that is required by law or by the lease or sublease for the Franchised Business.

**Purchase Agreements and Cooperatives**

We may, in our discretion, negotiate purchase agreements, including price terms, with designated suppliers for source restricted goods and services on behalf of the System. We may establish preferred vendor programs with suppliers on behalf of some or all of the Centers under the System. We may limit the number of approved vendors and/or suppliers that you may purchase from and we may designate one vendor as your sole supplier. Presently, there are no purchase or supply agreements in effect for source restricted products or services and there are no purchasing or distribution cooperatives that you must join. You will not receive any material benefits for using our designated or approved suppliers.

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

We and/or our affiliates may receive rebates, payments and other material benefits from suppliers based on your purchases and we reserve the right to institute and expand rebate programs in the future. In the fiscal year ended December 31, 2025, we earned $863 from approved suppliers based on our franchisees' purchases. We do not provide our franchisees with any material benefits based on a franchisee's purchase of particular products or services or use of particular suppliers.

## ITEM 9
## FRANCHISEE'S OBLIGATIONS

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

Table Abbreviations: "FA" – Franchise Agreement; "DA"– Multi-Unit Development Agreement

| Obligation | Articles in Agreement | Disclosure Document Item |
|---|---|---|
| a. Site selection and acquisition/lease | FA: 2.A, 3.A and 3.B<br>DA: 2, 5.5 and 5.6 | 7 and 11 |
| b. Pre-opening purchases and leases | FA: 3 and 8<br>DA: Not applicable | 7 and 8 |
| c. Site development and other pre-opening requirements | FA: 3, 4, 7.F, 7.G, 7.I, 7.J, 8 and 9.B<br>DA: 2, 5.5 and 5.6 | 6, 7 and 11 |
| d. Initial and ongoing training | FA: 4 and 7.J<br>DA: Not applicable | 11 |
| e. Opening | FA: 2, 3, 4 and 9.B<br>DA: 2, 3, 4.1, 4.4 and 4.5 | 11 |
| f. Fees | FA: 3, 4.A, 5, 9, 12, 13, 14, 15, 16 and 18.N.<br>DA: 2, 4 and 5.2 | 5, 6 and 7 |

| | | | |
|---|---|---|---|
| g. | Compliance with standards and policies/manual | FA: 3, 4, 7, 8, 9 and 12<br>DA: 2 and 5 | 8 and 11 |
| h. | Trademarks and proprietary information | FA: 6, 7 and 11<br>DA: 2 and 5 | 13 and 14 |
| i. | Restrictions on products and services offered | FA: 3, 4.C, 7.F, 7.G. 7.H, 7.I, 7.J and 8<br>DA: 2 and 5 | 8, 11 and 16 |
| j. | Warranty and customer service requirements | FA: 7<br>DA: Not applicable | 16 |
| k. | Territorial development and sales quotas | FA: 2<br>DA: 4 | 12 |
| l. | Ongoing product and service purchases | FA: 3, 4.C, 5 and 7<br>DA: Not applicable | 8 |
| m. | Maintenance, appearance and remodeling requirements | FA: 7<br>DA: 5 | 7 and 17 |
| n. | Insurance | FA: 8<br>DA: Not applicable | 7 and 8 |
| o. | Advertising | FA: 3.F, 4.C, 7.I, 9 and 11<br>DA: Not applicable | 6 and 11 |
| p. | Indemnification | FA: 10<br>DA: Not applicable | 6 |
| q. | Owner's participation, management, and staffing | FA: 4, 6, and 7<br>DA: 2.3 and 6.2 | 11 and 15 |
| r. | Records and reports | FA: 5 and 12<br>DA: Not applicable | 6 |
| s. | Inspections and audits | FA: 13<br>DA: Not applicable | 6 and 11 |
| t. | Transfer | FA: 14<br>DA: 6 | 17 |
| u. | Renewal | FA: 15<br>DA: 3 | 17 |
| v. | Post-termination obligations | FA: 6, 17 and 18<br>DA: Not applicable | 17 |
| w. | Non-Competition Covenants | FA: 6, 17 and 18<br>DA: Not applicable | 17 |
| x. | Dispute Resolution | FA: 18.F and 18.G<br>DA: 7 | 17 |
| y. | Individual guarantee of franchisee obligations | FA: 2.C, 6, 14.C and 14.E<br>DA: 2.3 and 6.2 | 9 |

## ITEM 10
## FINANCING

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

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

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

**Pre-Opening Obligations**

1. Grant of Franchise – We will grant you the right to operate a Center at a single Center Location within a designated territory. (Franchise Agreement, Article 2);

2. Franchise Agreement Designated Territory – Once you secure a Center Location that we approve, we will define the Designated Territory for your Center and include the geographic boundaries and/or a description of your Designated Territory within Schedule 1 of the Franchise Agreement. (Franchise Agreement, Article 2, and Schedule 1);

3. Multi-Unit Development Agreement Development Area – If you have entered into a Multi-Unit Development Agreement, we will designate your Development Area. The Centers to be developed by you must be located within the Development Area. Once you select a Center Location that we approve within the Development Area, within the Franchise Agreement for each respective Center we will define the Designated Territory and include the geographic boundaries and/or a description of your Designated Territory for each respective Center. (Multi-Unit Development Agreement, Section 2). Our approval or disapproval of future Center locations that may be developed under a Multi-Unit Development Agreement will be based on our then current site selection criteria;

4. Manuals – We will provide you with access to our confidential and proprietary Manuals. You must operate the Franchised Business in accordance with the Manuals and all applicable laws, rules and regulations. At all times, we reserve the right to supplement, modify and update the Manuals. (Franchise Agreement, Article 4.C.). As of the Issuance Date of this Disclosure Document, the operations manual consists of 1125 pages and the table of contents to the operations manual is attached as Exhibit C to this Disclosure Document (Franchise Agreement, Article 4). The major subjects contained in the operations manual consists of establishing, developing, marketing and operating the Franchised Business;

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

6. Approved Suppliers and Distributors – We will provide you with a list of our approved suppliers and distributors, either as part of the Manuals or otherwise in writing. (Franchise Agreement, Articles 3 and 4). These vendors will include insurance vendors, funding specialists, payroll vendors and other approved suppliers;

7. Signs, Equipment, Furniture, and Fixtures – We will provide you with a list of our approved signage, equipment, furniture and fixtures, either as part of the Manuals or otherwise in writing and we will review and approve, in our discretion, your proposed signage, equipment, furniture and fixtures. We do not provide

assistance in delivering or installing signs, equipment, furniture, or fixtures. (Franchise Agreement, Articles 3 and 4);

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

9. Initial Training – Not less than 45 days prior to the opening of your Center you or your Managing Owner and one management level employee or Owner must attend and complete our initial training program. We will provide you and, up to one of your designated managers, with training in accordance with our initial training program. (Franchise Agreement, Article 4). Our current training program is to be attended by you, or if you are a Corporate Entity, your Managing Owner and one operating manager at our training facility located in Rochester, New York. The training program takes place over a two week period and is described below in this Item 11 in more detail. We will also send a representative to visit your Center at least once during your grand opening.

**Site Selection**

Although you are responsible for selecting a site for your Center Location you must obtain our approval of your Center Location. We do not typically own or lease the real property that will serve as your Center Location, and you are responsible for all costs and expenses in locating and evaluating proposed sites and the demographic data associated with your proposed sites. We do not provide assistance conforming your Center Location to local ordinances and building codes, obtaining any required permits, constructing, remodeling, decorating and/or hiring and training your employees but we have preferred approved suppliers who can assist you. Before you enter into a lease or other agreement for your Center Location you must obtain our approval. We will provide you with site selection guidelines. If your Franchise Agreement specifies and designates a Designated Territory, your Center Location must be located within your Designated Territory at a site that we approve. If you sign a Multi-Unit Development Agreement then each Center Location must be located within the Development Area designated in the Multi-Unit Development Agreement and, as applicable, at sites that we approve within the Development Area. Your rights in your Center Location must be subordinate to our rights as set forth in the Lease Agreement Rider attached as Exhibit 4 to the Franchise Agreement and the Collateral Assignment of Lease attached as Exhibit 5 to the Franchise Agreement.

Although there is no specified time limit for us to review the proposed site for your Center Location, we will do so within a reasonable time period, not exceeding 30 days of our receipt of your written request for our review of a proposed site and your submission to us of the information and documentation that we may request. In determining whether to approve or disapprove a proposed site for your Center Location, factors that we take into consideration include: (a) demographic factors, traffic patterns, parking, building structures, visibility and available sign locations; (b) characteristics of the proposed site; (c) the location of your proposed site relative to your overall Designated Territory and proximity to other Centers, if your Designated Territory was previously designated; (d) the location of your proposed site relative to your overall Development Area and proximity to other Centers, if you signed a Multi-Unit Development Agreement and your Development Area was previously designated; and (e) whether or not the landlord for the Center Location approves of our Lease Agreement Rider in substantially the same form as contained in Exhibit 4 of the Franchise Agreement.

Within 180 days of signing your Franchise Agreement you must secure a Center Location and lease that we approve (Franchise Agreement, Article 3.A.). We may provide you with a 60-day extension to this deadline if you are diligently pursuing securing a Center Location. If you do not meet this requirement for any reason, including our disapproval of a proposed Center location and/or your failure to find a suitable

Center location that we approve during the 180 day period and unless otherwise extended, we may terminate your Franchise Agreement without refunding any fees to you if you do not cure this default within 30 days of notice from us. It is your obligation to consult with government agencies, architects and legal professionals to evaluate and determine that your Center Location permits the establishment and operation of the Franchised Business and that you possess the necessary licenses and authority to operate a Center that offers and provides the Approved Services and Products. (Franchise Agreement, Articles 2, 3, 7 and 16).

**Time to Open**

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

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

**Post-Opening Obligations**

1. Supplemental Training – We may require that you and your Operating Manager participate in supplemental on-site training that we may designate and require in our discretion. We may provide, in our discretion, supplemental training on-site at your Center Location. You will be required to pay our then current supplemental training fee, currently $300 per on-site trainer per day, plus travel expenses, meals and accommodation expenses incurred by us. (Franchise Agreement, Article 4.A.);

2. Initial Training for Replacement Operating Manager(s) – Your Operating Manager must complete, to our satisfaction, our initial training program. We will offer and make available to your replacement Operating Manager our initial training program which must be complete to our satisfaction. The initial training program will be conducted online and at your Center. You will be required to pay our then current supplemental training fee for your replacement Operating Manager, currently $300 per manager per day for each replacement manager attending our initial training. You will also be responsible for all costs incurred by your managers in attending our initial training (Franchise Agreement, Articles 4.A. and 4.C.);

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

4. Marketing Standards and Approval – We may establish, update and communicate to you our standards for the marketing and promotion of the Franchised Business including, but not limited to, the marketing materials and mediums that you may utilize. We will respond to your request respecting the communication of our approval or disapproval of marketing materials and mediums that may be requested by you for use in the marketing and promotion of the Franchised Business. We maintain full discretion as to the marketing standards and the marketing materials and media that you may use in the marketing and promotion of the Franchised Business (Franchise Agreement, Article 4.B.);

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

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

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

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

9. Pricing – We will provide you with assistance and guidance in establishing prices at your Center. We do not set a minimum or maximum price but we provide you with a recommended price ranges based on your area.

**Advertising**

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

2. Local Marketing – You are not authorized to engage in any marketing unless it is pre-approved by us (Franchise Agreement, Article 9.B.), in our discretion. On an on-going monthly basis, you must spend the greater of 5% of your monthly Gross Sales or $3,000 per month on the local marketing of your Center. We will review your local marketing programs and notify you if we approve same. We will make available to

you and provide you with access, in the form of a source document, to our approved marketing campaigns, media, and messaging that may be used by you. In those instances where we provide you with access to our marketing campaigns, we provide you with the source designs, copy, and design specifications. However, you will incur the direct costs associated with customizing, duplicating and using such marketing campaigns and in having them printed, distributed and/or placed with media sources. (Franchise Agreement, Article 9);

3.Grand Opening Marketing. You must spend a minimum of $10,000 prior to the opening your Center to promote your grand opening. You must submit your grand opening marketing plan to us for our pre-approval. We will assist in your grand opening by assisting with setting up technology platforms, and post on social media. At our request, you shall give us the money for your Grand Opening Marketing, and we will conduct the Grand Opening Marketing on your behalf.

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

5. Brand Development Fund – We may control and administer a brand development fund (the "Brand Development Fund") (Franchise Agreement, Article 9.A.). As disclosed in Item 6 of this Disclosure Document, you must contribute a weekly sum not to exceed 2% of weekly Gross Sales to the Brand Development Fund. We may use the Brand Development Fund for market studies, research, service development, product development, testing, research studies, technology development, advertising and public relations studies or services, creative production and printing of advertising and marketing materials, advertising copy and commercials, tracking costs, agency fees, administrative costs, which may include reimbursement for direct administrative and personnel costs associated with advertising and public relations, and any other costs associated with the development, marketing and testing of advertising, marketing and public relations materials, and the purchase of media placement, advertising time and public relations materials in national, regional or other advertising and public relations media in a manner determined by us, in our discretion, to be in the best interest of the franchisees and the System. We may use multiple sources for advertising including in-house and regional or national agencies. Our company and/or affiliate owned Centers may but are not required to contribute to the Brand Development Fund. The Brand Development Fund will maintain unaudited financial records detailing its expenditures, and will make available to you, no more frequently than one time in any 12 month period, an unaudited accounting of how monies contributed to the Brand Development Fund were spent each year. We are not required to segregate the Brand Development Fund from our general operating funds, and we are not a fiduciary or trustee of the Brand Development Fund. You may obtain an accounting of the Brand Development Fund upon written request. The Brand Development Fund will not be used to directly promote your Center or the marketing area in which your Center will be located. (Franchise Agreement, Article 9.A.). We are not required to spend any amount of the Brand Development Fund on advertising in your Designated Territory. We may use the Brand Development Fund to develop and test various media and technologies for potential use and/or improvement of the operations of Centers and the marketing of Centers. These technology developments and/or improvements may relate, among other things, to our website and to the interaction and potential enhancement of web offerings that may or may not be implemented on behalf of Centers. You may or may not benefit from these technological developments and improvements. The Brand Development Fund will be uniformly imposed upon all franchisees. (Franchise Agreement, Article 9.A.). As of December 31, 2025, we have not collected the Brand Development Fund, however we intend to do so in the future.

We may use the Brand Development Fund to compensate ourselves for administrative fees associated with managing the Brand Development Fund and for our internal employee salaries, expenses and overhead associated with or reasonably allocated to managing the activities of the Brand Development Fund and performing services on behalf of the Brand Development Fund including, but not limited to, directing,

developing and managing media of the Brand Development Fund. We will not use the Brand Development Fund to directly market the sale of Centers but may do so indirectly by requiring and including information as to the availability of Center franchises for sale and contact information for franchise inquiries on and within advertising, marketing and brand development materials, including the System website, developed with Brand Development funds.

6. Local and Regional Advertising Cooperative – We possess the exclusive right to authorize, establish, designate and de-authorize a local or regional advertising cooperative within those markets that we designate. We will exclusively determine the geographic and other boundaries constituting each respective cooperative and factors that we will consider include media markets including print, television and digital. If we establish a cooperative within a market that includes your Center you must become a member and join the cooperative; participate with other franchisees in the cooperative's marketing programs; and contribute to the cooperative in such amounts and frequency as determined by the cooperative. Members of the cooperative will be responsible for administering the cooperative, including determining the amount of contributions, marketing expenditures and allocations. However, we may require that cooperative decisions be made based on approval of a simple majority of franchisee members based on one vote per Center located and a quorum of not less than 25% of the designated franchisee cooperative members. If a cooperative exceeds nine franchisee members we may require that the cooperative establish formal governing documents and make those documents available for franchisee's review upon reasonable written request. Each cooperative must prepare annual unaudited financial statements that must be provided to each cooperative member for review. We reserve the right to form, change, dissolve, or merge any advertising cooperative. If we elect to form a local or regional cooperative or if a cooperative already exists as to the area of your Center, you will be required to participate in the cooperative in accordance with the provisions of our operations manual which we may supplement and modify from time to time. Centers owned by us and our affiliate may participate in any local or regional cooperative we establish but will not be required to participate. You will not be required to make contributions to a Local or Regional Advertising Cooperative in amounts exceeding 2% of your monthly Gross Sales.

As of December 31, 2025, we have not implemented any local or regional advertising cooperatives but reserve the right to do so in the future; and

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

**Computer System**

You must purchase, license and use the computer, point of sale, business management, and ordering systems that we designate. You must purchase one configured and licensed point of sale hardware terminal. Additionally, you must purchase and maintain a computer system on-site at your Center Location. Generally, you will be required to obtain a computer system that will consist of certain hardware and software and, among other things, you will be required to meet our requirements for: (a) back office and point of sale systems; (b) security systems; (c) printers and other peripheral devices; (d) archive and back-up systems; and (e) high speed internet access. The initial upfront cost of the point of sale and computer system that you will be required to purchase ranges from $5,775 to $8,310. You are obligated to install and/or access all required point of sale and software upgrades as recommended by the manufacturer of the computer and the licensor of point of sale system. You are responsible for hardware repairs or replacement of systems that are no longer covered under warranty. Your estimated costs for the maintenance, repair and updates for the computer and point of sale systems is estimated to not exceed $1,000 per year. There are no contractual obligations imposed on us to maintain, repair, update, or upgrade your computer systems. We will have independent access to all of the information and data that is electronically transmitted on your point of sale system and will have access to all data related to the financial performance of your Center. There are no contractual limitations on our right to access your point of sale system.

**Initial Training**

If this is your first Center we will provide initial training for you, or if you are a Corporate Entity, your Managing Owner, plus one designated manager. You or your Managing Owner and your General Manager must successfully attend and complete the initial training program to our satisfaction no later than 45 days before the opening of your Center. The initial training program takes place over an approximate two week period mostly held virtually or at your Center which we will send our training team to conduct. If more than two individuals attend initial training, you will be charged an additional fee per additional person attending initial training. Although we provide you and your general manager with initial training at no additional fee or charge, you will be responsible for paying for all travel expenses and employee wages that you incur in your initial training attendance and participation. (Franchise Agreement, Article 4). Currently, we provide our initial training program no less frequently than quarterly and on an as-needed basis.

**TRAINING PROGRAM**

| Subject | Hours of Classroom Training | Hours of On-the-Job Training | Location |
|---|---|---|---|
| Introduction to the Franchise System | 1 | 0 | Virtually or another location we designate |
| Pre-Opening Procedures | 4 | 2 | Virtually or another location we designate |
| Human Resources | 2 | 1 | Virtually or another location we designate |
| Marketing | 2 | 2 | Virtually or another location we designate |
| Sales and Pricing | 2 | 1 | Virtually or another location we designate |
| Technology | 2 | 4 | Virtually or another location we designate |
| Daily Operating Procedures | 7 | 10 | |
| Grand Opening Assistance | | 40 | Your Center |
| | | | |
| Subtotal Hours | 20 | 60 | |
| Total Hours | 80 | | |

Instructional materials that will be used in the initial training process include our Manuals, live instruction, and handouts. Initial training will be conducted under the direction and supervision of our CEO, Steven Shortino, our Chief Operating Officer, Kevin MacMaster, our Director of Franchisee Performance Scott Laviano, and our Franchise Support Representative Alexander Nells. Since October 2018 and continuing to date, Mr. Shortino has served as Founder and Owner of our affiliate owned iSmash Center located in Rochester, New York. Mr. MacMaster has worked at our affiliate iSmash Center in Rochester, New York since 2018. Mr. Laviano has been with us for two years and has two years of experience in the industry. Mr. Nells has been with us and our affiliate owned center for almost three years and has three years of experience in the industry. The level of experience of our trainers will, at a minimum, include each trainer's satisfactory completion of our initial training program. In addition to initial training, you will also be required to participate in and satisfy all other training programs that we may designate respecting the Franchised Business. (Franchise Agreement, Articles 4 and 7.J.).

After the opening of your Center we reserve the right to require that you (or your Managing Owner if you are a Corporate Entity) attend a system-wide training program (the "System-Wide Training Program") that

we may establish in our discretion. If we establish a System-Wide Training Program, the program will be offered from our training center in Rochester, New York and you will be responsible for all travel and expenses, lodging, food, automobile rental expenses, and employee wages that you incur in connection with your attendance. We will not require your attendance at a System-Wide Training Program for more than a total of five days in any calendar year.

## ITEM 12
## TERRITORY

You will not receive an exclusive territory. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control.

Your Location

Under the Franchise Agreement, we will grant to you the right to develop and operate one Center at a specific Center Location. If the location is not known at the time you sign a Franchise Agreement, then your Center Location is subject to our approval.

Grant of Territory

Once you identify a site that we approve for your Center Location we will designate an area around your site as your designated territory (the "Designated Territory"). While there is no minimum size for a designated territory, the scope and size of the area comprising your Designated Territory will, generally, be the smaller of a distance of ten miles from the Center Location in all directions travelable by road or, a territory encompassing a population of 250,000 to 500,000 people as of the date of the Franchise Agreement. If your Center is located within a shopping mall or a similar facility with a captive market, your Designated Territory may be limited to the physical boundaries of the mall or facility. Depending on the demographics and geography we may designate your Designated Territory where your Center is located at the center of the Designated Territory or where your Center is located elsewhere within the Designated Territory. We may identify your Designated Territory by zip code, boundary streets, highways, county lines, designated market area, and/or other recognizable demarcations. Your Designated Territory will be determined by us, in our sole discretion, using the mapping service, program and/or software selected by us, in our sole discretion. We reserve the right to grant you a Designated Territory of less than ten miles or 250,000 people based on the demographics of the area in which you wish to open your Center.

Relocation

Your right to relocate your Center is not guaranteed and approval of a request by you to relocate your Center is completely at our discretion. We evaluate relocation requests on a case-by-case basis and consider factors such as operational history, the location of other Centers, our expansion plans, the designated territory, demographics and other factors that, at the time of a relocation request, are relevant to us.

Establishment of Additional Centers

You do not have the right to establish additional Centers unless you sign a Multi-Unit Development Agreement. If we enter into and sign a Multi-Unit Development Agreement you will have the right to develop a mutually-agreed upon number of additional Centers within a specified Development Area. The size of your Development Area will vary significantly from other franchisees and your right to develop additional Centers under a Multi-Unit Development Agreement will be subject to your timely compliance with the agreed upon development schedule, your compliance with the terms of your Multi-Unit Development Agreement, and your compliance with all other agreements with us and our affiliates, including all Franchise Agreements. Our approval of future Center Locations and their respective designated territories will be based on our then current site and territory criteria. Under the Multi-Unit Development Agreement, you will not receive an exclusive territory. You may face competition from other

franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control.

Options and Rights of First Refusal to Acquire Additional Franchises
You are not granted any options, rights of first refusal, or similar rights to acquire additional franchises.

Territory Rights
During the term of the Franchise Agreement, provided that you are not in default of your obligations to us or our affiliates and except as to our Reserved Rights set forth below, we will not establish or open, and we will not grant another franchisee the right to establish or open an iSmash Center at a Center Location within your Designated Territory.

We and our affiliates reserve to ourselves the exclusive right on any and all terms and conditions that we deem advisable and, without any compensation or consideration to you (Franchise Agreement, Article 2.D. and Multi-Unit Development Agreement, Section 2.3), to engage in the following activities (our "Reserved Rights"): (a) operate and grant to others the right to develop and operate Centers and Franchised Businesses using the System and Licensed Marks at locations outside your Designated Territory and, if applicable, Development Area, as we deem appropriate and irrespective of the proximity to your Designated Territory and, if applicable, Development Area; (b) acquire, merge with or otherwise affiliate with one or more businesses of any kind, including businesses that offer and sell products and services that are the same as, or similar to, the Franchised Business, and after such acquisition, merger or affiliation to own and operate and to franchise, or license others to own and operate and to continue to own and operate such businesses of any kind, even if such businesses offer and sell products and services that are the same as or similar to a the Franchised Business (but not utilizing the Licensed Marks) within your Designated Territory and, if applicable, within your Development Area; (c) be acquired by or merge with or otherwise affiliate with one or more businesses of any kind, including businesses that offer and sell products and services that are the same as or similar to the Franchised Business, even if such business or businesses presently or, in the future, own and operate and franchise or license others to own and operate businesses that offer and sell products and services that are the same as or similar to the Franchised Business (but not utilizing the Licensed Marks) within your Designated Territory and, if applicable, your Development Area; (d) use the Licensed Marks and System to distribute the Approved Services and Products offered and sold by the Franchised Business or products and services similar to the Approved Services and Products offered and sold by the Franchised Business in alternative channels of distribution including stores, and/or internet / web based sales and similar outlets that sell services and products related to Smashing Services, Splatter, and/or related branded products or services to the public and other outlets, within or outside your Designated Territory and, if applicable, your Development Area; (e) operate, and grant to others the right to own and operate, a Centers within or at captive market locations including: airports, transportation stations, government facilities, military bases, hotels, resorts, amusement parks, recreational parks and facilities, seasonal facilities, and shopping malls.; and (f) use the Licensed Marks and System and to license others to use the Licensed Marks and System, to engage in all other activities not expressly prohibited by the Franchise Agreement.

Restrictions on Us from Soliciting or Accepting Orders in Your Territory
There are no restrictions on us from soliciting or accepting orders from customers inside your territory. We reserve the right to use other channels of distribution, such as the internet, catalog sales, telemarketing, or other direct marketing sales, to make sales within your territory using our principal trademarks or using trademarks different from the ones you will use under the Franchise Agreement. We do not pay any compensation to you for soliciting or accepting orders from inside your territory.

Soliciting by You Outside Your Territory
You are required to target and direct the marketing of your Center to customers located within your territory. You may only offer and sell Approved Services and Products from your Center Location located within

your Designated Territory and, only to retail customers. You are not allowed to solicit or accept orders from consumers outside your territory, and you do not have the right to use other channels of distribution, such as the internet, catalog sales, telemarketing or other direct marketing to make sales outside your territory.

Competition by Us Under Different Trademarks

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

## ITEM 13
## TRADEMARKS

Under the terms of the Franchise Agreement, you will be granted a license to use the "iSmash" trademark and those other marks that we designate. Our affiliate Smash IP Holdings LLC is the owner of the Licensed Marks and has granted to us a license with an initial 20 year term and with automatic renewal thereafter to use the Licensed Marks and to license our franchisees to use the Licensed Marks. We reserve the right to supplement and modify the marks that you may or may not use in connection with the operations of your Center. You may only use the Licensed Marks as authorized by us in writing and under the terms of your Franchise Agreement. You may not use the Licensed Marks in the name of any Corporate Entity that you establish. Although the License Agreement may be terminated as a result of a breach of the License Agreement, in the event of any termination of the License Agreement, our franchisees will continue to maintain the right to use the Licensed Marks pursuant to the terms of their Franchise Agreement.

Principal Trademarks Registered with the United States Patent and Trademark Office

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

| Mark | USPTO Registration Number | Registration Type | Registration Date |
|---|---|---|---|
| iSmash | 6766176 | Principal | June 21, 2022 |
|  | 6766175 | Principal | June 21, 2022 |

Our affiliate has not renewed these Licensed Marks but intends to renew the registration and file all appropriate affidavits for this trademark at the times required by law. As to our principal trademarks there are no currently effective material determinations by the USPTO, the Trademark Trial and Appeal Board, any court, or the trademark administrator of any state. There are no pending infringement, opposition or cancellation proceedings and no pending litigation involving our principal marks. We know of no superior rights or infringing uses that could materially affect your use of our principal marks or other related rights in any state.

You are required to provide us with written notice of any claims that you may become aware of respecting the Licensed Marks including your use of the Licensed Marks and/or any claim associated with a third party's use of a trademark that is identical or confusingly similar to the Licensed Marks. We maintain the exclusive discretion to take any and all actions or, to refrain from any action, that we believe to be appropriate in response to any trademark infringement, challenge or claim. As between us, we possess the

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

We will protect your right to use the Licensed Marks and other related rights and to protect you against claims of infringement and unfair competition related to the Licensed Marks, provided that you use the Licensed Marks in accordance with the terms of your Franchise Agreement, as designated by us in the Manuals, and, otherwise, as we instruct you. We will indemnify you against direct damages for trademark infringement in a proceeding arising out of your use of the Licensed Marks, provided your use of the Licensed Marks comply with the terms of your Franchise Agreement, the Manuals, our written instructions and, that you have timely notified us of the claim, have given us sole control of the defense and settlement of the claim, and you are in compliance with your Franchise Agreement and, if applicable, Multi-Unit Development Agreement. If we defend the claim, we have no obligation to indemnify or reimburse you with respect to any fees or disbursements of any attorney that you retain.

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

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

We do not own any rights to, or licenses in any patent or copyrights material to the franchise System. We may copyright advertising materials and design specifications, our Manuals and other written materials and items. We have not applied to the USPTO for the issuance of any patents.

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

possesses rights superior to ours, then you must modify or discontinue your use of these materials in accordance with our written instructions.

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

The Franchise Agreement requires that you or, if you are a Corporate Entity, your designated managing shareholder, member or partner (your "Managing Owner") be personally responsible for the management and overall supervision of your Center. Your Managing Owner must complete, to our satisfaction, our initial training program and be approved by us. While we recommend that your Managing Owner personally participate in the day-to-day management and on-site supervision and operations of your Center, you may hire an operating manager to supervise and manage the day-to-day on-site operations of your Center provided that your operating manager: (a) meets all of our minimum standards and criteria for managers; (b) completes our initial training program; and (c) signs our confidentiality agreements (an "Operating Manager"). At all times, your Center must be managed and supervised on-site by either a Managing Owner or Operating Manager. If you own and operate multiple Centers then each Center must be managed and supervised on-site by an Operating Manager. Your Operating Manager is not required to possess an equity interest in the franchised business.

You and, if you are a Corporate Entity, each of your members, shareholders and/or partners (collectively, "Owners"), must personally guarantee all of your obligations to us under the Franchise Agreement. Each Owner must personally guarantee your obligations to us under the Franchise Agreement. You and each Owner must also promise in writing that, among other things, during the term of the Franchise Agreement you will not participate in any business that in any way competes with the Franchised Business, and that for 24 months after the expiration of termination of the Franchise Agreement (with said period being tolled during any periods of non-compliance), neither you nor your Owners will participate in any competitive business located within and/or servicing customers located within your Designated Territory and a 25 mile radius surrounding your Designated Territory. Further you will not participate in any competitive business located within and/or servicing customers located within a 10 mile radius of any other iSmash Center and/or the designated territory of any other iSmash Center. Your managers and all other employees and agents with access to our confidential information will be required by us to sign a confidentiality agreement.

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

You may only sell the Approved Services and Products as specified in the Manuals or otherwise approved by us in writing and may only sell the products and services required by us. We can change the products and services that you must offer. There is no limitation on our right to change the products and services offered sold by iSmash Centers. You are not limited to whom you may sell products and services of your iSmash Center, provided you do so exclusively from your Center Location and as otherwise required by and in compliance with the standards we determine for the System.

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

The Franchise Relationship Under a Single Unit Franchise Agreement

### THE FRANCHISE RELATIONSHIP

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

| Provision | Article in Franchise Agreement | Summary |
|---|---|---|
| a. Length of the franchise term | 2.B. | The term of your Franchise Agreement is 10 years. |
| b. Renewal or extension of the term | 15 | If you meet our conditions for renewal you may renew your franchise for one additional 10-year term. |
| c. Requirements for franchisee to renew or extend | 15 | Renewal allows you to remain as a franchisee after the initial term of your Franchise Agreement expires. To renew your franchise you must be in compliance with the terms of your Franchise Agreement, provide us with 180 days prior written notice of your request to renew, sign our then current form of Franchise Agreement and related agreements for the renewal term, sign a general release in our favor, pay a renewal fee, remodel and upgrade your Center to meet our standards and specifications, secure and possess the legal right to continue to occupy the premises of your Center location, and meet all other renewal requirements contained in the Franchise Agreement. Your Owners must be in compliance with their agreements with us, including the Franchise Owner Agreement and Guaranty, and they must personally guarantee the terms of your renewal Franchise Agreement which may contain terms and conditions that materially different from your current original Franchise Agreement. |
| d. Termination by franchisee | 16.B. | You may terminate the Franchise Agreement if you are in compliance with its terms, we are in material breach of the Franchise Agreement, and we fail to cure the material breach within 30 days of receiving written notice or, if the breach cannot be cured within 30 days, such period of time that is reasonable to cure the material breach. These provisions are subject to state law. |
| e. Termination by franchisor without cause | Not applicable | Not applicable. |
| f. Termination by franchisor with "cause" | 16.A. | We can terminate if you are in default of the terms of the Franchise Agreement. |
| g. "Cause" defined-curable defaults | 16.A.(3), 16.A.(4) | You have 10 days to cure a default where you fail to pay any fees and/or obligations due to us and/or to an affiliate of ours, or if you fail to pay a supplier without, as determined by us, a legal justification, provided that the foregoing defaults were not intentionally and knowingly in violation of the Franchise Agreement. You will have 30 days to cure a default where you, fail to: timely lease a location that we |

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| | | approve for your Center; timely develop and open your Center; operate your Center in accordance with the specifications, standards, and requirements set forth in our Manuals; develop or operate your Center in compliance with all federal, state, and local laws, rules, and regulations, unless, such violation poses a threat to public health or safety; maintain insurance coverage that we require; comply with our standards, systems or specifications as we may designate or as otherwise designated in the operations manual; and/or fail to operate your Center in conformity with our System or otherwise violate the Franchise Agreement, except as to events of default that are not curable. |
| h. "Cause" defined-non-curable defaults | 16.A.(1), 16.A.(2) | The following are defaults that cannot be cured: three or more instances where you commit a curable default, whether or not you timely cured such default in each instance; you intentionally and knowingly refuse to comply with the terms of the Franchise Agreement, and/or the standards specifications, and/or requirements set forth in the operations manual and/or as communicated to you by us from time to time; you intentionally, knowingly, or negligently operate the Franchised Business in violation of applicable laws, rules, and regulations and, in doing so, create a foreseeable, imminent, and/or immediate threat to the health and safety of others; you abandon the Franchised Business or fail to maintain the required leasehold and/or ownership interests in your Center Locations; you or your Owners intentionally made a material statement or omission in questionnaires submitted to us; the data, information, and/or records that you record and/or submit to us are intentionally misleading or false; you transfer or attempt to transfer the Franchised Business or the ownership interests in your franchise company without our approval; you disclose or permit the disclosure of information contained in the operations manual and/or of confidential information; you or your Owners engage in intentionally dishonest or unethical conduct that impacts our System; you and/or your Owners breach and, if such breach is capable of a cure, fail to timely cure another agreement with us including the Owner Agreement and Guaranty; you and your Owners and managers fail to complete, to our satisfaction, our initial and on-going training programs; you fail to notify us of the misuse of confidential information and you fail to protect same; you misappropriate or misuse the Licensed Marks; you are deemed insolvent, make an assignment for the benefit of creditors, admit in writing your inability to pay debts; are adjudicated bankrupt, file a voluntary bankruptcy petition or have one filed against you, and/or you acquiesce to the appointment of a trustee or receiver, or a court orders one; execution is levied against the Franchised Business; a final judgment is entered against the Franchised Business and is not satisfied within 30 days; you are dissolved; a lawsuit or action is commenced against the Franchised |

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| | | Business to foreclose on a lien on equipment of the Franchised Business and such action is not dismissed after 60 days; and/or real or personal property used by the Franchised Business is sold or levied by a sheriff or other law enforcement officer; and/or you abandon or fail to continuously own and operate the Franchised Business. |
| i. Franchisee's obligations on termination/non-renewal | 6, 17 | You must: pay all sums that you owe to us under the Franchise Agreement and all other agreements with us; cease owning and operating the Franchised Business; cease representing yourself as a franchisee of ours; permanently cease using and/or accessing the System, the Licensed Marks, our confidential information, the operations manual, the Business Management System, the Business Management System Data, and the System Supplies; return the operations manual and all confidential information to us in the original form provided to you and document the destruction of all electronic files related to same; completely de-identify the location and/or facility associated with the Franchised Business; as requested by us, transfer to us all data, telephone listings, digital media, accounts, web listings and websites associated with the Franchised Business; and abide by the post-termination non-competition covenants and restrictions. |
| j. Assignment of the contract by franchisor | 14.A. | No restriction on our right to assign. |
| k. "Transfer" by franchisee-definition | 14.B. | A transfer means and includes, whether voluntary or involuntary, conditional or unconditional, direct or indirect: (a) an assignment, sale, gift, transfer, pledge or sub-franchise; (b) the grant of a mortgage, charge, lien or security interest, including, without limitation, the grant of a collateral assignment; (c) a merger, consolidation, exchange of shares or other ownership interests, issuance of additional ownership interests or securities representing or potentially representing ownership interests, or redemption of ownership interests; and (d) a sale or exchange of voting interests or securities convertible to voting interests, or an agreement granting the right to exercise or control the exercise of the voting rights of any holder of ownership interests or to control the operations or affairs of Franchisee. |
| l. Franchisor's approval of transfer by franchisee | 14.B. | Transfers require our prior written consent, which may be granted or withheld in our discretion. |
| m. Conditions for franchisor's approval of transfer | 14.C. | For approval of your transfer, you must provide us with 30 days prior written notice of the proposed transfer; you and your Owners must not have defaulted in your obligations under the Franchise Agreement and all other agreements with us; you and your Owners must be in compliance with your obligations under the Franchise Agreement and all other agreements with us; the transferee must agree to be bound by all of the terms and provisions of the Franchise Agreement; the transferee's owners must personally guarantee all of the terms and provisions of the Franchise Agreement; you and your Owners must sign a general |

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| | | release in favor of us; the transfer must provide for the assignment and/or ownership of the approved location for the Franchised Business, and the transferees continued use and occupancy of such location throughout the term of the Franchise Agreement; the assets of the Franchised Business must be transferred to the transferee; the transferee and the transferee's owners and managers, at the transferee's expense must complete our training programs; we waive our right of first refusal; and we approve of the transfer and transferee in writing and subject to our discretion; and you pay the Transfer Fee (subject to applicable state laws). |
| n. Franchisor's right of first refusal to acquire franchisee's business | 14.F. | We have the right to match any offer to purchase your Center or the Corporate Entity operating your Center. |
| o. Franchisor's option to purchase franchisee's business | Not applicable | Not applicable. |
| p. Death or disability of franchisee | 14.D. | If you are an individual, within 30 days of the death or permanent disability of Franchisee, your executor and/or legal representative must appoint an Operating Manager approved by us and within 60 days of such appointment the Operating Manager must complete, to our satisfaction, our initial training program. Within 12 months of the date of death or disability, the Franchise Agreement must be transferred to a transferee approved by us and otherwise transferred in accordance with the terms of the Franchise Agreement. If the franchisee is a Corporate Entity, within 30 days of the death or permanent disability of your Managing Owner, if there are other Owners, must appoint a replacement Operating Manager approved by us and within 60 days of such appointment the replacement Operating Manager must complete, to our satisfaction, our initial training program. |
| q. Non-competition covenants during the term of the franchise | 6 | No involvement in any competitive business and must comply with confidentiality, non-disclosure and non-solicitation covenants (subject to state law). |
| r. Non-competition covenants after the franchise is terminated or expires | 6, 17.E. | No involvement, ownership or interest whatsoever for 24 months in any competing business in: your Designated Territory; a 25-mile radius of your Designated Territory; a 10-mile radius of the Designated Territory of any other Center; and you must comply with confidentiality, non-disclosure and non-solicitation covenants (subject to state law). |
| s. Modification of the agreement | 18.L. | Requires writing signed by you and us, except for unilateral changes that we may make to the Manuals or our unilateral reduction of the scope of a restrictive covenant that we may make in our discretion. |
| t. Integration/merger clauses | 18.M. | Only the terms of the Franchise Agreement and schedules to the Franchise Agreement and the respective signed exhibits to the Franchise Agreement are binding, subject to state law. Nothing in any agreement is intended to disclaim the express representations made in the Franchise Disclosure Document, its exhibits and amendments. |

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| u. Dispute resolution by arbitration or mediation | 18.G. | Except for certain claims for injunctive relief, all disputes must first be submitted to non-binding mediation in Monroe County, New York and, if mediation is unsuccessful, then to binding arbitration in Monroe County, New York. This provision is subject to applicable state law. |
| v. Choice of forum | 18.G. | All mediation, arbitration and, if applicable, litigation proceedings must be conducted in, or closest to New York court of general jurisdiction that is within or closest to Monroe County, New York. This provision is subject to applicable state law. |
| w. Choice of law | 18.F. | Delaware law will govern. However, this provision is subject to applicable state law and as otherwise disclosed in Exhibit I to this Disclosure Document. |

The Franchise Relationship Under a Multi-Unit Development Agreement

**THE FRANCHISE RELATIONSHIP**

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

| Provision | Sections in Multi-Unit Development Agreement | Summary |
|---|---|---|
| a. Length of the franchise term | 3 | Varies depending on the number of Centers to be developed and the Development Area. The agreement commences on the effective date and the term automatically expires at the earlier of the opening of the final Center required for development, or the last day of the calendar month in which the final Center was required to be open under the Multi-Unit Development Agreement. |
| b. Renewal or extension of the term | Not applicable | There is no renewal of the Multi-Unit Development Agreement. |
| c. Requirements for franchisee to renew or extend | Not applicable | There is no renewal of the Multi-Unit Development Agreement. |
| d. Termination by franchisee | Not applicable | There is no option for your termination of the Multi-Unit Development Agreement, subject to state law. |
| e. Termination by franchisor without cause | Not applicable | We can terminate without cause only if you and we mutually agree, in writing, to terminate. |
| f. Termination by franchisor with "cause" | 3.2 | We may terminate your Multi-Unit Development Agreement with cause. Your Multi-Unit Development Agreement can be terminated by us if: (a) you abandon your obligations under the Multi-Unit Development Agreement; (b) if you for four consecutive months, or any shorter period that indicates an intent by you to discontinue your development of Centers within the Development Area; (c) if you become insolvent or you are adjudicated bankrupt, or if any action is taken by you, or by others against you, under any insolvency, |

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| | | | bankruptcy or reorganization act, or if you make an assignment for the benefit or creditors or a receiver is appointed by you; (d) if you fail to meet your development obligations under the Development Schedule for any single Development Period including, but not limited to, your failure to establish, open and/or maintain the cumulative number of Centers in accordance with Development Schedule; and/or (e) in the event that any one Franchise Agreement is terminated respecting any Center and/or any other Franchise Agreement between you and us. |
| g | "Cause" defined-curable defaults | Not applicable | Not applicable. |
| h. | "Cause" defined-non-curable defaults | 3.2 | Your Multi-Unit Development Agreement can be terminated by us if: (a) you abandon your obligations under the Multi-Unit Development Agreement; (b) if you for four consecutive months, or any shorter period that indicates an intent by you to discontinue your development of Centers within the Development Area; (c) if you become insolvent or you are adjudicated bankrupt, or if any action is taken by you, or by others against you, under any insolvency, bankruptcy or reorganization act, or if you make an assignment for the benefit or creditors or a receiver is appointed by you; (d) if you fail to meet your development obligations under the Development Schedule for any single Development Period including, but not limited to, your failure to establish, open and/or maintain the cumulative number of Centers in accordance with Development Schedule; and/or (e) in the event that any one Franchise Agreement is terminated respecting any Center and/or any other Franchise Agreement with us. |
| i. | Franchisee's obligations on termination/non-renewal | Not applicable | You lose all rights under the Multi-Unit Development Agreement. There are no renewal rights respecting the Multi-Unit Development Agreement. |
| j. | Assignment of the contract by franchisor | 6 | There are no restrictions on our right to assign. |
| k. | "Transfer" by franchisee-definition | 6 | You have no right to transfer the Multi-Unit Development Agreement. |
| l. | Franchisor's approval of transfer by franchisee | 6 | You have no right to transfer the Multi-Unit Development Agreement. |
| m. | Conditions for franchisor's approval of transfer | 6 | You have no right to transfer the Multi-Unit Development Agreement. |
| n. | Franchisor's right of first refusal to acquire franchisee's business | Not applicable | Not applicable. |
| o. | Franchisor's option to purchase franchisee's business | Not applicable | Not applicable. |
| p. | Death or disability of franchisee | Not applicable | Not applicable. |

| | | |
|---|---|---|
| q. Non-competition covenants during the term of the franchise | Not applicable | Not applicable as to the Multi-Unit Development Agreement. However, each Center developed pursuant to Multi-Unit Development Agreement will be subject to non-competition covenants set forth in each respective Franchise Agreement (subject to state law). |
| r. Non-competition covenants after the franchise is terminated or expires | Not applicable | Not applicable as to the Multi-Unit Development Agreement. However, each Center developed pursuant to Multi-Unit Development Agreement will be subject to non-competition covenants set forth in each respective Franchise Agreement (subject to state law). |
| s. Modification of the agreement | 5.4, 7.11 | Only by written agreement between you and us or if governing law requires modification. We can change the form of the Franchise Agreement for future Centers which will not alter your obligations under the Multi-Unit Development Agreement. |
| t. Integration/merger clauses | 7.12 | The Multi-Unit Development Agreement is the entire agreement between you and us relating to the development of the Territory. Notwithstanding the foregoing, nothing in any agreement is intended to disclaim the express representations made in the Franchise Disclosure Document, its exhibits and amendments. |
| u. Dispute resolution by arbitration or mediation | 7.5, 7.6 | Except for certain claims for injunctive relief, all disputes must first be submitted to non-binding mediation in Monroe County, New York and, if mediation is unsuccessful, then to binding arbitration in Monroe County, New York. This provision is subject to applicable state law. |
| v. Choice of forum | 7.5, 7.6 | All mediation, arbitration and, if applicable, litigation proceedings must be conducted in, or closest to, New York court of general jurisdiction that is within or closest to Monroe County, New York. This provision is subject to applicable state law. |
| w. Choice of law | 7.5, 7.6 | Delaware law will govern. However, this provision is subject to applicable state law and as otherwise disclosed in Exhibit I to this Disclosure Document. |

## ITEM 18
## PUBLIC FIGURES

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

## ITEM 19
## FINANCIAL PERFORMANCE REPRESENTATIONS

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

### DEFINITIONS

(a) Calendar Year – means, as to each respective year, the 12 month period commencing on January 1 and ending on December 31.

(b) Company Owned Outlet – means an Outlet owned either directly or indirectly by us, our affiliate or any person identified in Item 2 of this Disclosure Document. A Company Owned Outlet also includes any Outlet that is operated as a joint venture owned in part by us, our affiliate or any person identified in Item 2 of this Disclosure Document, or that is managed by us, our affiliate or any person identified in Item 2.

(c) Direct Cost of Goods and Services Sold – means the direct non-managerial and non-administrative cost of goods sold and labor incurred by an Outlet in directly providing the Approved Services and Products, comprised of the following expenses: Direct Labor Gross Wages and Taxes and Inventory, Equipment, and Supplies. Direct Cost of Goods and Services Sold does not include managerial labor and expenses, administrative labor and expenses, Disclosed Expenses, operating expenses, or general expenses including, but not limited to, interest, taxes, depreciation, amortization, and franchise related expenses including Royalty Fees, Brand Development Fund Fees, Technology Fees, or local marketing expenses.

(d) Direct Gross Profit – means Gross Sales less Direct Cost of Goods and Services Sold. Direct Gross Profit is not net profit or income and, except as to Direct Cost of Goods and Services Sold, does not include the deduction of all other expenses incurred by an iSmash Center including, but not limited to, Disclosed Expenses, operating expenses, or general expenses including, but not limited to, interest, taxes, depreciation, amortization, and franchise related expenses including Royalty Fees, Brand Development Fund Fees, Technology Fees, or local marketing expenses.

(e) Disclosed Expenses – refers to a limited selection of expenses as disclosed in the tables to this Item 19, comprised of the following select expense categories: equipment and supplies, rent, utilities, marketing, and insurance.

(f) Franchise Outlet – refers to an iSmash Center operated under a Franchise Agreement that is not a Company Owned Outlet.

(g) Franchise Related Expenses – means the following select fees required under the Franchise Agreements: Royalty Fees, Brand Development Fund Fees, Technology Fees, and digital marketing program fees. Franchise Related Expenses do not include all fee and payment obligations required under a Franchise Agreement. The Franchise Related Expenses do not include imputed local marketing expenses as each Company Owned Outlet exceeded the local marketing requirement which has been included. The Franchise Related Expenses for the Company Owned Outlets are imputed to what the outlet would have paid based on the set rates for 2025, and the Franchised Related Expenses for the Franchise Outlet are the actual amounts paid by the Franchise Outlet.

(h) Gross Sales – means the total revenue derived by each outlet less sales tax, discounts, allowances, and returns.

(i) Outlet – refers to either a Company Owned Outlets or Franchise Outlet, as the context requires.

(j) Net Profit – means Direct Gross Profit Minus Disclosed Expenses minus Total Franchise Related Expenses

(k)iSmash Services Offered – refers to the smashing service that involves smashing common household items using instruments such as baseball bats, crowbars, and sledgehammers, splatter paint, axe throwing and offering parties at the iSmash Center.

## BASES AND ASSUMPTIONS

The financial information was not prepared on a basis consistent with generally accepted accounting principles. Below is the historical representation of our Company-Owned Outlets and Franchise Outlets that have been opening and operating for at least 12 months as of December 31, 2025, and are fully compliant with all terms of associated franchise agreement. Data for our Company Owned Outlets is based on information reported to us by our affiliates. Data from our Franchisee Outlets was provided either from software or directly from franchisees. The information in this analysis has not been audited, is based on historical financial data, and is not a forecast or projection of future financial performance. Material financial and operational characteristics that are reasonably anticipated to differ from future operational franchise outlets include: no obligation to pay ongoing monthly fees that a franchisee will pay to us, such as royalties and a brand development fund fee.

## COMPANY OWNED OUTLETS

We have two Company Owned Outlets and one has been in operations since October 2018 (the "Rochester Outlet"). The second Company-Owned Outlet has been in operation since October 2021 (the "Syracuse Outlet"). In Tables 1 and 2 we report financial performance data of our Company-Owned Outlets for the 2025 Calendar Year.

**Table 1**

| Rochester Outlet | **2025 Calendar Year** | |
|---|---|---|
| | Total | % |
| **Gross Sales** | **$874,545.66** | **100%** |
| Less: Direct Cost of Goods and Services Sold | | |
| Direct Labor Gross Wages and Taxes | $174,676.25 | 19.97% |
| Inventory | $58,197.53 | 6.65% |
| | | |
| **Direct Gross Profit** | **$641,671.88** | **73.37%** |
| Less: Disclosed Expenses | | |
| Equipment and Supplies | $67,023.28 | 7.66% |
| Rent | $102,917.81 | 11.77% |
| Utilities | $32,462.88 | 3.71% |
| Marketing | $89,432.18 | 10.23% |
| Insurance | $5,963.35 | .68% |
| | | |

| | | |
|---|---|---|
| **Total Disclosed Expenses** | **$297,799.50** | **34.05%** |
| | | |
| **Direct Gross Profit Minus Disclosed Expenses** | **$343,872.38** | **39.32%** |
| Less: Adjustments for Franchise Related Expenses | | |
| Royalty Fee | $52,472.74 | 6.0% |
| Brand Development Fund Fee | $0.00 | 0.00% |
| Technology Fee | $3,000.00 | .34% |
| Digital Marketing Program Fee | $9,000.00 | 1.03% |
| | | |
| **Total Franchise Related Expenses** | **$64,472.74** | **7.37%** |
| | | |
| **Net Profit** | **$279,399.64** | **31.95%** |

**Table 2**

| Syracuse Outlet | **2025 Calendar Year** | |
|---|---|---|
| | Total | % |
| **Gross Sales** | **$450,509.05** | **100%** |
| Less: Direct Cost of Goods and Services Sold | | |
| Direct Labor Gross Wages and Taxes | $104,110.01 | 23.11% |
| Inventory | $44,004.62 | 9.77% |
| | | |
| **Direct Gross Profit** | **$302,394.42** | **67.12%** |
| Less: Disclosed Expenses | | |
| Equipment and Supplies | $28,906.63 | 6.42% |
| Rent | $95,143.92 | 21.12% |
| Utilities | $20,218.47 | 4.49% |
| Marketing | $41,257.00 | 9.16% |
| Insurance | $2,101.35 | .47% |
| | | |
| **Total Disclosed Expenses** | **$187,627.37** | **41.65%** |
| | | |
| **Direct Gross Profit Minus Disclosed Expenses** | **$114,767.05** | **25.47%** |
| Less: Adjustments for Franchise Related Expenses | | |
| Royalty Fee | $27,030.54 | 6.0% |
| Brand Development Fund Fee | $0.00 | 0.00% |
| Technology Fee | $3,000.00 | .67% |
| Digital Marketing Program Fee | $9,000.00 | 2.00% |
| | | |
| **Total Franchise Related Expenses** | **$39,030.54** | **8.66%** |
| | | |
| **New Profit** | **$75,736.51** | **16.81%** |

Table 3 below details the average, median, highest and lowest Gross Sales, Net Profit and Net Profit Percentage for our Company-Owned Outlets for the 2025 Calendar Year.

**Table 3**

| | Gross Sales | Gross Profit | Profit % |
|---|---|---|---|
| **Highest** | $874,545.66 | $279,399.64 | 31.95% |
| **Lowest** | $450,509.05 | $75,736.51 | 16.81% |
| **Median** | $662,527.36 | $177,568.08 | 24.38% |
| **Average** | $662,527.36 | $177,568.08 | 24.38% |

## FRANCHISED OUTLETS

We have four Franchised Outlets that have been opened and operating for twelve months as of December 31, 2025, and are in compliance with their obligations under their franchise agreements. Two of the Franchised Outlets have been open and operating since 2023. In Tables 4 and 5 below we report the financial performance data of the for the "Tampa Outlet" and the "Farmingdale Outlet" for the 2025 Calendar Year.

**Table 4**

| Tampa Outlet | **2025 Calendar Year** | |
|---|---|---|
| | Total | % |
| **Gross Sales** | **$808,833.40** | **100%** |
| Less: Direct Cost of Goods and Services Sold | | |
| Direct Labor Gross Wages and Taxes | $97,428.75 | 12.05% |
| Inventory | $109,795.80 | 13.57% |
| | | |
| **Direct Gross Profit** | **$601,608.85** | **74.38%** |
| Less: Disclosed Expenses | | |
| Equipment and Supplies | $22,920.29 | 2.83% |
| Rent | $191,431.36 | 23.67% |
| Utilities | $33,445.78 | 4.14% |
| Marketing | $79,865.83 | 9.87% |
| Insurance | $19,823.56 | 2.45% |
| | | |
| **Total Disclosed Expenses** | **$347,486.82** | **42.96%** |
| | | |
| **Direct Gross Profit Minus Disclosed Expenses** | **$254,122.03** | **31.42%** |
| Less: Adjustments for Franchise Related Expenses | | |
| Royalty Fee | $48,530.00 | 6.0% |
| Brand Development Fund Fee | $0.00 | 0.00% |
| Technology Fee | $3,000.00 | .37% |
| Digital Marketing Program Fee | $9,000.00 | 1.11% |
| | | |
| **Total Franchise Related Expenses** | **$60,530.00** | **7.48%** |
| | | |
| **Net Profit** | **$193,592.03** | **23.93%** |

**Table 5**

| Farmingdale Outlet | **2025 Calendar Year** | |
|---|---|---|
| | Total | % |
| **Gross Sales** | **$834,618.16** | **100%** |
| Less: Direct Cost of Goods and Services Sold | | |
| Direct Labor Gross Wages and Taxes | $137,762.97 | 16.51% |
| Inventory | $119,236.38 | 14.29% |
| | | |
| **Direct Gross Profit** | **$577,618.81** | **69.21%** |
| Less: Disclosed Expenses | | |
| Equipment and Supplies | $31,494.59 | 3.77% |
| Rent | $149,551.21 | 17.92% |
| Utilities | $32,441.34 | 3.89% |
| Marketing | $62,086.10 | 7.44% |
| Insurance | $16,104.75 | 1.93% |
| | | |
| **Total Disclosed Expenses** | **$291,677.99** | **34.95%** |
| | | |
| **Direct Gross Profit Minus Disclosed Expenses** | **$285,940.82** | **34.26%** |
| Less: Adjustments for Franchise Related Expenses | | |
| Royalty Fee | $50,077.09 | 6.0% |
| Brand Development Fund Fee | $0.00 | 0.00% |
| Technology Fee | $3,000.00 | .36% |
| Digital Marketing Program Fee | $9,000.00 | 1.08% |
| | | |
| **Total Franchise Related Expenses** | **$62,077.09** | **7.44%** |
| | | |
| **Net Profit** | **$223,863.73** | **26.82%** |

Table 6 below details the average, median, highest and lowest Gross Sales, Net Profit and Net Profit Percentage for two of the Franchised Outlets have been open and operating since 2023 for the 2025 Calendar Year.

**Table 6**

| | **Gross Sales** | **Net Profit** | **Net Profit %** |
|---|---|---|---|
| **Highest** | $834,618.16 | $223,863.73 | 26.82% |
| **Lowest** | $808,833.40 | $193,592.03 | 23.93% |
| **Median** | $821,725.78 | $208,727.88 | 25.38% |
| **Average** | $821,725.78 | $208,727.88 | 25.38% |

Two of the Franchised Outlets have been open and operating since 2024. In Tables 7 and 8 below we report the financial performance data of the for the "Omaha Outlet" and the "Las Vegas Outlet" for the 2025 Calendar Year.

**Table 7**

| Omaha Outlet | **2025 Calendar Year** | |
|---|---|---|
| | Total | % |
| **Gross Sales** | **$689,987.88** | **100%** |
| Less: Direct Cost of Goods and Services Sold | | |
| Direct Labor Gross Wages and Taxes | $105,770.45 | 15.33% |
| Inventory | $109,996.97 | 15.94% |
| | | |
| **Direct Gross Profit** | **$474,220.46** | **68.73%** |
| Less: Disclosed Expenses | | |
| Equipment and Supplies | $56,891.90 | 8.25% |
| Rent | $115,788.00 | 16.78% |
| Utilities | $19,520.43 | 2.83% |
| Marketing | $79,975.31 | 11.59% |
| Insurance | $7,855.04 | 1.14% |
| | | |
| **Total Disclosed Expenses** | **$280,030.68** | **40.58%** |
| | | |
| **Direct Gross Profit Minus Disclosed Expenses** | **$194,189.78** | **28.14%** |
| Less: Adjustments for Franchise Related Expenses | | |
| Royalty Fee | $41,399.27 | 6.0% |
| Brand Development Fund Fee | $0.00 | 0.00% |
| Technology Fee | $3,000.00 | .43% |
| Digital Marketing Program Fee | $9,000.00 | 1.30% |
| | | |
| **Total Franchise Related Expenses** | **$53,399.27** | **7.74%** |
| | | |
| **Net Profit** | **$140,790.51** | **20.40%** |

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**Table 8**

| Las Vegas Outlet | **2025 Calendar Year** | |
|---|---|---|
| | Total | % |
| **Gross Sales** | **$486,604.07** | **100%** |
| Less: Direct Cost of Goods and Services Sold | | |
| Direct Labor Gross Wages and Taxes | $64,262.89 | 13.21% |
| Inventory | $41,235.87 | 8.47% |
| | | |
| **Direct Gross Profit** | **$381,105.31** | **78.32%** |
| Less: Disclosed Expenses | | |
| Equipment and Supplies | $28,001.18 | 5.75% |
| Rent | $163,443.35 | 33.59% |
| Utilities | $12,648.40 | 2.60% |
| Marketing | $40,821.02 | 8.39% |
| Insurance | $4,787.00 | .98% |
| | | |
| **Total Disclosed Expenses** | **$249,700.95** | **51.32%** |
| | | |
| **Direct Gross Profit Minus Disclosed Expenses** | **$131,404.36** | **27.00%** |
| Less: Adjustments for Franchise Related Expenses | | |
| Royalty Fee | $29,196.24 | 6.0% |
| Brand Development Fund Fee | $0.00 | 0.00% |
| Technology Fee | $3,000.00 | .62% |
| Digital Marketing Program Fee | $9,000.00 | 1.85% |
| | | |
| **Total Franchise Related Expenses** | **$41,196.24** | **8.47%** |
| | | |
| **Net Profit** | **$90,208.12** | **18.54%** |

Table 9 below details the average, median, highest and lowest Gross Sales, Net Profit and Net Profit Percentage for two of the Franchised Outlets have been open and operating since 2024 for the 2025 Calendar Year.

**Table 9**

| | **Gross Sales** | **Net Profit** | **Net Profit %** |
|---|---|---|---|
| **Highest** | $689,987.88 | $140,790.51 | 20.40% |
| **Lowest** | $486,604.07 | $90,208.12 | 18.54% |
| **Median** | $588,295.98 | $115,499.31 | 19.47% |
| **Average** | $588,295.98 | $115,499.31 | 19.47% |

Table 10 below details the average, median, highest and lowest Gross Sales, Net Profit and Net Profit Percentage for all Franchised Outlets disclosed in this Item 19 financial performance representation for the 2025 Calendar Year.

**Table 10**

| | Gross Sales | Net Profit | Net Profit % |
|---|---|---|---|
| **Highest** | $834,618.16 | $223,863.73 | 26.82% |
| **Lowest** | $486,604.07 | $90,208.12 | 18.54% |
| **Median** | $749,410.64 | $167,191.27 | 22.17% |
| **Average** | $705,010.88 | $162,113.59 | 22.43% |

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

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

Other than the preceding financial performance data, Smash Franchising, LLC does not make any representations about a franchisee's future financial performance or the past financial performance of company-owned or franchised outlets. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting Eugene Vaksman, Smash Franchising LLC, 1225 Jefferson Road #13, Rochester, NY 14623, (585) 601-2247, the Federal Trade Commission, and the appropriate state regulatory agencies.

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## ITEM 20
## OUTLETS AND FRANCHISEE INFORMATION

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

| Outlet Type | Year | Outlets at the Start of the Year | Outlets at the End of the Year | Net Change |
|---|---|---|---|---|
| Franchised | 2023 | 0 | 2 | +2 |
| | 2024 | 2 | 5 | +3 |
| | 2025 | 5 | 8 | +3 |
| Company Owned | 2023 | 2 | 2 | 0 |
| | 2024 | 2 | 2 | 0 |
| | 2025 | 2 | 2 | 0 |
| Total Outlets | 2023 | 2 | 4 | +2 |
| | 2024 | 4 | 7 | +3 |
| | 2025 | 7 | 10 | +3 |

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

| State | Year | Number of Transfers |
|---|---|---|
| All States | 2023 | 0 |
| | 2024 | 0 |
| | 2025 | 0 |
| Total | 2023 | 0 |
| | 2024 | 0 |
| | 2025 | 0 |

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

| State | Year | Outlets at Start of Year | Outlets Opened | Terminations | Non-Renewals | Reacquired by Franchisor | Ceased Operations for Other Reasons | Outlets at End of Year |
|---|---|---|---|---|---|---|---|---|
| Arizona | 2023 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2024 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2025 | 0 | 1 | 0 | 0 | 0 | 0 | 1 |
| Florida | 2023 | 0 | 1 | 0 | 0 | 0 | 0 | 1 |

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | 2024 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| | 2025 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| Nebraska | 2023 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2024 | 0 | 1 | 0 | 0 | 0 | 0 | 1 |
| | 2025 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| Nevada | 2023 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2024 | 0 | 2 | 0 | 0 | 0 | 0 | 2 |
| | 2025 | 2 | 0 | 0 | 0 | 0 | 0 | 2 |
| New York | 2023 | 0 | 1 | 0 | 0 | 0 | 0 | 1 |
| | 2024 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| | 2025 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| North Carolina | 2023 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2024 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2025 | 0 | 1 | 0 | 0 | 0 | 0 | 1 |
| South Carolina | 2023 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2024 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2025 | 0 | 1 | 0 | 0 | 0 | 0 | 1 |
| Totals | 2023 | 0 | 2 | 0 | 0 | 0 | 0 | 2 |
| | 2024 | 2 | 3 | 0 | 0 | 0 | 0 | 5 |
| | 2025 | 5 | 3 | 0 | 0 | 0 | 0 | 8 |

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

| State | Year | Outlets at Start of Year | Outlets Opened | Outlets Reacquired by Franchisor | Outlets Closed | Outlets Sold to Franchisee | Outlets at End of Year |
|---|---|---|---|---|---|---|---|
| New York | 2023 | 2 | 0 | 0 | 0 | 0 | 2 |
| | 2024 | 2 | 0 | 0 | 0 | 0 | 2 |
| | 2025 | 2 | 0 | 0 | 0 | 0 | 2 |
| Totals | 2023 | 2 | 0 | 0 | 0 | 0 | 2 |
| | 2024 | 2 | 0 | 0 | 0 | 0 | 2 |
| | 2025 | 2 | 0 | 0 | 0 | 0 | 2 |

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

| State | Franchise Agreement Signed but Outlet Not Opened | Projected New Franchised Outlets in the Next Fiscal Year | Projected New Company Owned Outlets in the Next Fiscal Year |
|---|---|---|---|
| Arizona | 0 | 1 | 0 |
| California | 4 | 3 | 0 |
| Connecticut | 1 | 1 | 0 |
| Florida | 5 | 4 | 1 |
| Georgia | 2 | 2 | 0 |
| Illinois | 2 | 2 | 0 |
| Indiana | 0 | 1 | 0 |
| Maryland | 1 | 1 | 0 |
| Massachusetts | 1 | 2 | 0 |
| Michigan | 1 | 1 | 0 |
| Minnesota | 2 | 2 | 0 |
| Nevada | 1 | 1 | 0 |
| New Jersey | 2 | 2 | 0 |
| New York | 1 | 1 | 1 |
| North Carolina | 2 | 3 | 0 |
| Ohio | 1 | 1 | 0 |
| Pennsylvania | 2 | 3 | 0 |
| South Carolina | 2 | 1 | 0 |
| South Dakota | 1 | 1 | 0 |
| Tennessee | 3 | 2 | 0 |
| Texas | 9 | 6 | 0 |
| Utah | 1 | 1 | 0 |
| Vermont | 1 | 1 | 0 |
| Virginia | 1 | 1 | 0 |
| Washington | 2 | 2 | 0 |
| Totals | 49 | 46 | 2 |

Notes to Tables:

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

During the last three fiscal years, no current or former franchisees have signed confidentiality clauses with us that restrict them from discussing with you their experiences as a franchisee in our franchise system. There are no trademark-specific franchisee organizations associated with the franchise system being offered in this Franchise Disclosure Document.

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

Exhibit H to this Disclosure Document contains a list of franchisees that had an outlet terminated, cancelled, not renewed or otherwise voluntarily or involuntarily ceased to do business under our Franchise Agreement during our most recently completed fiscal year or who has not communicated with us within 10 weeks of the Issuance Date of this Disclosure Document.

## ITEM 21
## FINANCIAL STATEMENTS

Attached as Exhibit D are our audited financial statements as of December 31, 2023 dated June 7, 2024, December 31, 2024 dated March 31, 2025 and as of December 31, 2025 dated March 5, 2026. Our fiscal year ends on December 31.

## ITEM 22
## CONTRACTS

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

**Exhibits to this Disclosure Document**

| | |
|---|---|
| Exhibit E | Franchise Agreement |
| Exhibit F | Multi-Unit Development Agreement |
| Exhibit I | State Specific Addenda |

**Schedules and Exhibits to the Franchise Agreement**

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

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

| | |
|---|---|
| Schedule A | Development Information Sheet |

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

## ITEM 23
## RECEIPTS

Two copies of a detachable receipt in Exhibit K are located at the very end of this Disclosure Document. Please sign one copy of the receipt and return it to us at the following address Eugene Vaksman, Smash Franchising LLC, 1225 Jefferson Road #13, Rochester, NY 14623. The duplicate is for your records.

FRANCHISE DISCLOSURE DOCUMENT
**EXHIBIT A**
STATE ADMINISTRATORS

# List of State Administrators

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

2101 Arena Boulevard
Sacramento, CA 95834
1-866-275-2677

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

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

**Hawaii**
Commissioner of Securities
Dept. of Commerce & Consumer Affairs
Business Registration Division
335 Merchant Street, Room 203
Honolulu, HI 96813

**Illinois**
Office of the Attorney General
Franchise Bureau
500 South Second Street
Springfield, IL 62706

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

**Kentucky**
Office of the Attorney General
Consumer Protection Division
Attn: Business Opportunity
1024 Capital Center Drive
Frankfort, KY 40601

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

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

**Michigan**
Michigan Department of the Attorney General
Consumer Protection Division
Antitrust and Franchise Unit
670 Law Building
PO Box 30213
Lansing, MI 48909

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

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

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

**North Carolina**
Secretary of State
Securities Division
300 North Salisbury Street, Suite 100
Raleigh, NC 27603

**North Dakota**
North Dakota Insurance & Securities Department
600 East Boulevard, Dept. 401
Bismarck, ND 58505-0510
701-328-2910

List of State Administrators (continued)

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

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

**South Dakota**
Franchise Office
Division of Securities
124 S. Euclid Avenue
Pierre, SD 57501

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

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

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

**Washington**
Washington Department of Financial Institutions
Securities Division
PO Box 41200
Olympia, WA 98504-1200
360-902-8700

**Wisconsin**
Franchise Office
Wisconsin Securities Commission
PO Box 1768
Madison, WI 53701

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

## Agents for Service of Process

Our registered agent in the State of Delaware is: Sorensen Entity Services, LLC, 1201 N. Orange Street, Suite 7044, Wilmington, DE 19801. We intend to register this Disclosure Document as a "franchise" in some or all of the following states, if required by the applicable state law. If and when we pursue franchise registration (or otherwise comply with the franchise investment laws) in these states, we will designate the following state offices or officials as our agents for service of process in these states:

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

2101 Arena Boulevard
Sacramento, CA 95834
1-866-275-2677

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

**Hawaii**
Commissioner of Securities
Dept. of Commerce & Consumer Affairs
Business Registration Division
335 Merchant Street, Room 203
Honolulu, HI 96813

**Illinois**
Illinois Attorney General
500 South Second Street
Springfield, IL 62706

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

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

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

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

**North Dakota**
North Dakota Insurance Commissioner
600 East Boulevard, Dept. 401
Bismarck, ND 58505-0510
701-328-2910

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

**South Dakota**
Director, Division of Securities
Department of Commerce and Regulation
124 S. Euclid Avenue
Pierre, SD 57501

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

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

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

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

SMASH FRANCHISING LLC
Operations Manual for iSmash

TABLE OF CONTENTS


| | |
|---|---|
| TABLE OF CONTENTS: | 1-21 |
| INTRODUCTION: | 22-30 |
| iSMASH FRANCHISE SYSTEM: | 31-62 |
| FRANCHISE SUPPORT: | 63-66 |
| PRE-OPENING PROCEDURES: | 67-483 |
| HUMAN RESOURCES: | 484-683 |
| MARKETING: | 684-803 |
| SALES AND PRICING: | 804-867 |
| DAILY OPERATING PROCEDURES: | 868-1039 |
| TECHNOLOGY: | 1040-1105 |
| REPORTS, AUDITS, AND INSPECTIONS: | 1106-1112 |
| RESALE, RENEWAL, TRANSFER, AND CLOSING: | 1113-1122 |
| EXPANSION AND RELOCATION: | 1123-1125 |


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FRANCHISE DISCLOSURE DOCUMENT
**EXHIBIT D**
FINANCIAL STATEMENTS

# SMASH FRANCHISING, LLC
# FINANCIAL STATEMENTS
# DECEMBER 31, 2025

**SMASH FRANCHISING, LLC**
**TABLE OF CONTENTS**

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| | |
|---|---|
| **Independent Auditor's Report** | **Page 1-2** |
| **Balance Sheets** | **Page 3** |
| **Statements of Operations and Members' Equity (Deficit)** | **Page 4** |
| **Statements of Cash Flows** | **Page 5** |
| **Footnotes** | **Page 6-7** |

MUHAMMAD ZUBAIRY, CPA PC
Certified Public Accountant
646.327.7013

# INDEPENDENT AUDITOR'S REPORT

**To the Members of**
**Smash Franchising, LLC**

## Opinion

We have audited the financial statements of Smash Franchising, LLC, which comprises the balance sheets as of December 31, 2025 and 2024, and the related statement of operations, and changes in members' equity (deficit), and cash flows for the years then ended, 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 Smash Franchising, LLC as of December 31, 2025 and 2024, and the results of its operations and its cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

## Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Smash Franchising, LLC, 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.

## Other Matter

The financial statements for the year ending December 31, 2024 were audited by other auditors whose report dated March 31, 2025 included an unmodified opinion of those statements.

## 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 Smash Franchising, LLC'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 Smash Franchising, LLC'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 Smash Franchising, LLC'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
Westbury, NY
March 5, 2026

**SMASH FRANCHISING, LLC**
**BALANCE SHEET**

| | YEARS ENDED DECEMBER 31 | |
|---|---|---|
| | 2025 | 2024 |
| **ASSETS** | | |
| **Current Assets** | | |
| Cash | $ 500,833 | $ 363,536 |
| Accounts receivable | 192,096 | 45,465 |
| Due from related parties | 142,153 | 39,933 |
| Contract asset | 43,590 | 43,590 |
| Total Current Assets | 878,672 | 492,524 |
| Contract assets, net of current | 815,286 | 395,047 |
| Total Assets | $ 1,693,958 | $ 887,571 |
| **LIABILITITES AND MEMBERS' EQUITY** | | |
| **Current Liabilities** | | |
| Accounts payable and accrued expenses | $ 56,629 | $ 20,111 |
| Due to related parties | — | 5,000 |
| Line of credit | 41,500 | — |
| Contract liabilities | 174,284 | 174,284 |
| Total Current Liabilities | 272,413 | 199,395 |
| Contract liabilities, net of current | 2,800,962 | 1,465,715 |
| Members' Equity | (1,379,417) | (777,539) |
| Total Liabilities and Members' Equity | $ 1,693,958 | $ 887,571 |

See notes to financial statements

**SMASH FRANCHISING, LLC**
**STATEMENTS OF OPERATIONS AND MEMBERS' EQUITY**

| | YEARS ENDED DECEMBER 31 | |
|---|---|---|
| | 2025 | 2024 |
| **Revenues** | | |
| Royalties | $ 205,752 | $ 108,730 |
| Franchise Fees | 403,940 | 78,628 |
| Brand development fees | 69,766 | 43,616 |
| Merchandise sales | 256,833 | 125,889 |
| Technology fees | 23,750 | 17,750 |
| Others | 3,807 | 4,329 |
| Total Revenues | 963,848 | 378,942 |
| **Operating Expenses** | 1,965,226 | 961,695 |
| **Net Income** | (1,001,378) | (582,753) |
| **Members' Equity-Beginning** | (777,539) | (176,536) |
| **Members' Contributions (Distributions)** | 399,500 | (18,250) |
| **Members' Equity (Deficit)-Ending** | $ (1,379,417) | $ (777,539) |

See notes to financial statements

**SMASH FRANCHISING, LLC**
**STATEMENT OF CASH FLOWS**

| | YEARS ENDED DECEMBER 31 | |
|---|---|---|
| | 2025 | 2024 |
| **Cash flows from operating activities:** | | |
| Net (Income) | $ (1,001,378) | $ (582,753) |
| Adjustments to reconcile net (loss) to net cash used by operating activities: | | |
| Changes in operating assets and liabilities: | | |
| Accounts receivable | (146,631) | (45,465) |
| Due from related parties | (102,220) | (25,830) |
| Contract asset | (420,239) | (352,599) |
| Accounts payable and accrued expenses | 36,518 | 11,119 |
| Due to related parties | (5,000) | (759) |
| Line of credit | 41,500 | — |
| Contract liabilities | 1,335,247 | 1,298,061 |
| | (262,203) | 301,774 |
| **Cash flows from financing activities** | | |
| Members' contributions (distributions) | 399,500 | (18,250) |
| **Net Increase in Cash** | 137,297 | 283,524 |
| **Cash - Beginning of Year** | 363,536 | 80,012 |
| **Cash - End of year** | $ 500,833 | $ 363,536 |

See notes to financial statements

## 1. THE COMPANY

Smash Franchising, LLC (the Company) is a Delaware limited liability company formed in May 2021, for the purpose of offering franchise opportunities to business owners who want to own and operate their own business in the entertainment industry, as a franchise. The franchise offered by the Company is for an iSmash entertainment center that allows customers to smash common household items using instruments such as baseball bats, crowbars, and sledgehammers from a safe and fun environment and other optional add on services such as splatter paint, axe throwing and other services and products. The Company offers individual unit franchises and area development franchises for the development of multiple units within a designated territory.

## 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, 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 $250,833. 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.

***Income Taxes*-**The Company has elected to be taxed as a single member Limited Liability Company for income tax purposes. Income for the Company passes through directly to the member and is reported on the owner's individual income tax returns. Therefore, no provision or liability for federal or state income tax has been included in the financial statements.

## 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 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 LIABILITIES AND CONTRACT ASSETS

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, 2025 and 2024 were $2,975,246 and $1,639,999 respectively. Deferred commissions paid but not yet incurred as of December 31, 2025 and 2024 were $858,876 and $438,637 respectively.

## 5. RELATED PARTY TRANSACTIONS

The Company periodically receives funds from its members or related companies. These advances are due upon demand and do not bear interest. As of December 31, 2025 and 2024 the balances due to related parties were $0 and $5,000, respectively.

The Company periodically advances funds to its members or related companies. These advances are due upon demand and do not bear interest. As of December 31, 2025 and 2024 the balances due from related parties were $142,153 and $39,933, respectively.

## 6. LINE OF CREDITS

During the year, the Company obtained a line of credit with American express. As of December 31, 2025, the outstanding balance under the line of credit was $41,500.

## 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 have been evaluated through March 5, 2026, the date the financial statements were available to be issued.

# Smash Franchising, LLC

# Independent Auditor's Report
# And
# Financial Statements
# December 31, 2024 and 2023

## Table of Contents

**Independent Auditor's Report** ..... 3

**Balance Sheets** ..... 5

**Statements of Operations** ..... 6

**Statements of Members' Equity (Deficit)** ..... 7

**Statements of Cash Flows** ..... 8

**Notes To Financial Statements** ..... 9

**Metwally CPA PLLC**

**CERTIFIED PUBLIC ACCOUNTANT**

1312 Norwood Dr STE 100, Bedford, Texas 76022

Cell: 214-200-5434 (Mohamed Metwally) Mmetwally@metwallycpa.com

## Independent Auditor's Report

To the Members of
Smash Franchising, LLC

**Opinion**

We have audited the accompanying financial statements of Smash Franchising, LLC (the Company), which comprise the balance sheets as of December 31, 2024 and 2023 and the related statements of operations, members' equity (deficit), and cash flows for the years then ended, and the related notes to the financial statements.

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

**Basis for Opinion**

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. 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 Smash Franchising, LLC and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Emphasis of Matter**

As discussed in note 5 to the financial statements, the Company has extensive transactions and relationships with its affiliates. Accordingly, the accompanying financial statements may not be indicative of the results of operations that would have been achieved if the Company had operated without such affiliations.

**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 Smash Franchising, LLC's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

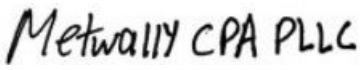
**Auditor's Responsibilities for the Audit of the Financial Statements**

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 generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, 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 Smash Franchising, LLC'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 Smash Franchising, LLC'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.




Metwally CPA PLLC
Bedford, Texas
March 31, 2025

# Smash Franchising, LLC
## Balance Sheets
## December 31, 2024 and 2023

| | 2024 | 2023 |
|---|---|---|
| **ASSETS** | | |
| **Current Assets** | | |
| Cash and cash equivalents | $ 363,536 | $ 80,012 |
| Accounts receivable | 45,465 | - |
| Deferred commission, current portion | 43,590 | 9,174 |
| Due from related parties | 39,933 | 14,103 |
| **Total Current Assets** | **492,524** | **103,289** |
| **Non-Current Assets** | | |
| Deferred commission, net of current portion | 395,047 | 76,864 |
| **Total Non-Current Assets** | **395,047** | **76,864** |
| **Total Assets** | **$ 887,571** | **$ 180,153** |
| **LIABILITIES AND MEMBERS' EQUITY (DEFICIT)** | | |
| **Current Liabilities** | | |
| Accounts payable and accrued liabilities | $ 20,111 | $ 8,992 |
| Deferred revenue, current portion | 174,284 | 36,605 |
| Due to related parties | 5,000 | 5,759 |
| **Total Current Liabilities** | **199,395** | **51,356** |
| **Long Term Liabilities** | | |
| Deferred revenue, net of current portion | 1,465,715 | 305,333 |
| **Total Long Term Liabilities** | **1,465,715** | **305,333** |
| **Total Liabilities** | **1,665,110** | **356,689** |
| **Members' Equity (Deficit)** | | |
| Members' equity (deficit) | (777,539) | (176,536) |
| **Total Members' Equity (Deficit)** | **(777,539)** | **(176,536)** |
| **Total Liabilities and Members' Equity (Deficit)** | **$ 887,571** | **$ 180,153** |

*The accompanying notes are an integral part of the financial statements.*

## Smash Franchising, LLC
## Statements of Operations
## Years Ended December 31, 2024 and 2023

| | 2024 | 2023 |
|---|---|---|
| **Revenues** | | |
| Merchandise sales | $ 125,889 | $ 42,482 |
| Royalties | 108,730 | 16,200 |
| Initial franchise fees | 78,628 | 22,074 |
| Brand development fund | 43,616 | 10,847 |
| Technology fees | 17,750 | 12,500 |
| Other income | 4,329 | 3,958 |
| **Total Revenues** | **378,942** | **108,061** |
| | | |
| **Operating Expenses** | | |
| Contractors | 339,107 | 103,842 |
| Legal and professional | 235,104 | 34,586 |
| Marketing and advertising | 181,638 | 46,291 |
| General and administrative | 111,893 | 36,435 |
| Cost of goods sold | 67,694 | 29,358 |
| Commissions | 21,266 | 5,190 |
| Trademark royalties - related parties | 5,000 | 5,000 |
| Management fees - related parties | - | 13,023 |
| **Total Operating Expenses** | **961,702** | **273,725** |
| **Operating Income / (Loss)** | **(582,760)** | **(165,664)** |
| | | |
| **Other Income (Expense)** | | |
| Interest income | 7 | 7 |
| **Total Other Income (Expense)** | **7** | **7** |
| | | |
| **Net Income / (Loss)** | **$ (582,753)** | **$ (165,657)** |

*The accompanying notes are an integral part of the financial statements.*

## Smash Franchising, LLC
## Statements of Members' Equity (Deficit)
## Years Ended December 31, 2024 and 2023

| | |
|---|---|
| **Members' Equity (Deficit) At December 31, 2022** | **$ (20,871)** |
| Net income / (loss) | (165,657) |
| Members' contributions | 9,992 |
| **Members' Equity (Deficit) At December 31, 2023** | **$ (176,536)** |
| Net income / (loss) | (582,753) |
| Members' contributions | 55,000 |
| Members' distributions | (73,250) |
| **Members' Equity (Deficit) At December 31, 2024** | **$ (777,539)** |

*The accompanying notes are an integral part of the financial statements.*

**Smash Franchising, LLC**
**Statements of Cash Flows**
**Years Ended December 31, 2024 and 2023**

| | 2024 | 2023 |
|---|---|---|
| **Cash Flows From Operating Activities** | | |
| Net income / (loss) | $ (582,753) | $ (165,657) |
| **Adjustments to reconcile net income to net cash provided by operating activities** | | |
| **Change in assets and liabilities** | | |
| Accounts receivable | (45,465) | - |
| Due from related parties | (25,830) | (14,103) |
| Deferred commission | (352,599) | (77,810) |
| Accounts payable and accrued liabilities | 11,119 | 8,233 |
| Due to related parties | (759) | - |
| Deferred revenue | 1,298,061 | 309,026 |
| **Net Cash Flows Provided By (Used In) Operating Activities** | **301,774** | **59,689** |
| **Cash Flows From Investing Activities** | | |
| **Net Cash Flows Provided By (Used In) Investing Activities** | **-** | **-** |
| **Cash Flows From Financing Activities** | | |
| Members' contributions | 55,000 | 9,992 |
| Members' distributions | (73,250) | - |
| **Net Cash Flows Provided By (Used In) Financing Activities** | **(18,250)** | **9,992** |
| **Net Change In Cash And Cash Equivalent During The Year** | **283,524** | **69,681** |
| Cash and cash equivalents - beginning of the year | 80,012 | 10,331 |
| **Cash And Cash Equivalent - End of The Year** | **$ 363,536** | **$ 80,012** |

*The accompanying notes are an integral part of the financial statements.*

# Smash Franchising, LLC
# December 31, 2024 and 2023
# Notes To Financial Statements

## 1. COMPANY AND NATURE OF OPERATIONS

Smash Franchising, LLC (the Company) was established in the state of Delaware on May 26, 2021, for the purpose of offering franchise opportunities to business owners who want to own and operate their own business in the entertainment industry, as a franchise. The franchise offered by the Company is for an iSmash entertainment center that allows customers to smash common household items using instruments such as baseball bats, crowbars, and sledgehammers from a safe and fun environment and other optional add on services such as splatter paint, axe throwing and other services and products. The Company offers individual unit franchises and area development franchises for the development of multiple units within a designated territory.

The Company is affiliated with Smash IP Holdings, LLC, a New Mexico limited liability company established on May 6, 2021. This affiliate owns the Licensed Marks. This affiliate has not in the past and does not now offer franchises in any lines of business.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies is presented to assist the reader in understanding and evaluating the Company's financial statements. The financial statements and notes are representations of the Company's management, which is responsible for their integrity and objectivity. These accounting policies conform to generally accepted accounting principles and have been consistently applied in the preparation of financial statements.

### A. Basis of Accounting

The Company's financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP").

### B. Cash and Cash Equivalents

For purposes of the Statement of cash flows, cash equivalents include bank accounts and cash in transit for bank deposits with maturities of three months or less to be cash equivalents.

### C. Accounts Receivable

Accounts receivable arise primarily from initial franchise fees, brand funds and royalties are carried at their estimated collectible amounts, net of any estimated allowances for doubtful accounts. The Company provides an allowance for doubtful collections, which is based upon a review of outstanding receivables, historical collection information, existing economic conditions, and other relevant factors. Management has determined that no allowance for doubtful accounts was necessary on December 31, 2024 and 2023.

### D. Federal Income Taxes

As a limited liability company, the Company's taxable income or loss is allocated to members in accordance with their respective percentage ownership. Therefore, no provision for income taxes has been included in the financial statements.

**E. Concentration of Credit Risk**

The Company maintains cash and cash equivalents with major financial institutions. At various times during the year, the total amount on deposit might exceed the $250,000 limit insured by the Federal Deposit Insurance Corporation (FDIC). The Company believes that it mitigates credit risk by depositing cash with financial institutions having high credit ratings.

**F. Use of Estimates**

The preparation of our Company's financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of our financial statements and the reported amounts of revenues, costs, and expenses during the reporting period. Actual results could differ significantly from those estimates. It is at least reasonably possible that a change in the estimates will occur in the near term.

**G. Advertising and Marketing**

Advertising and marketing costs are charged to operations in the years incurred.

**H. Reclassifications**

Certain reclassifications have been made to the 2023 financial statements to conform to the 2024 presentation. There were no changes to previously reported members' equity or net income because of the reclassifications.

**I. Revenue Recognition**

The Company relies upon ASC 606, Revenue from Contracts with Customers, to recognize revenue, contract liabilities-deposits from franchisees and contract assets-due from franchisees. Revenue is recognized upon the transfer of control of promised goods or services to customers in an amount that reflects the consideration the Company expects to receive for those goods or services. The following is the principal activity from which the Company earns revenue:

Franchise Fees

The franchise arrangement between the Company and each franchise owner is documented in the form of a franchise agreement and, in select cases, a development agreement. The franchise arrangement requires the Company as franchisor to perform various activities to support the brand and does not involve the direct transfer of goods and services to the franchise owner as a customer. Activities performed by the Company before opening are distinguished from the franchise license. Therefore, the Company recognizes franchise fees as two performance obligations. The nature of the Company's promise in granting the franchise license is to provide the franchise owner with access to the brand's intellectual property over the term of the franchise arrangement.

The transaction price in a standard franchise arrangement consists of (a) franchise fees; (b) Royalty fees; (c) brand fund fees; (d) annual conference fees The Company considers the franchise license to be a single performance obligation, and therefore, recognized over the term of the franchise agreement or renewal which is typically 10 years.

The terms of the Company's franchise agreement will be as follows:

A. The Company will grant the right to use the Company name, trademark and system in the franchisee's franchise development business.
B. The franchisee is obligated to pay a non-refundable initial franchise fee.
C. The franchisee is obligated to pay a monthly royalty, marketing, technology, and other franchise-related fees and costs. Certain other fees are also outlined in the agreement.

Franchise revenues are recognized by the Company from the following different sources:

- Franchise fees are paid in advance of the franchise opening, typically when entering into a new franchise or development agreement. Fees allocated to the franchise license are recognized as revenue on a straight-line basis over the term of each respective franchise agreement. Initial franchise agreement terms are typically 10 years while successive agreement terms are typically 10 years. The Company has determined that these fees, which are paid in advance when they are recognized as revenue and does not contain a significant financing component.
- Royality fees and other revenues are reported as earned.
- Equipment sales are reported as earned at a point of time.
- IT and marketing fees paid weekly by franchisees.
- All other fees are recognized as services are rendered or when payment is received.

Variable Considerations

Franchise agreements contain variable considerations in the form of royalty fees and brand development (advertising). These fees are based on franchisee sales and are recorded as revenue and recognized as these services are delivered because the variable payment relates specifically to the performance obligation of using the license. The Company collects funds from franchisees to manage the brand level advertising, marketing, and development program. The fee is based on a percentage of the gross sales less any amount paid towards sales tax, payable weekly.

Contracts Assets and Liabilities Balances

The Company incurs costs that are directly attributable to obtaining a contract, for example, commission fees, broker fees, and referral fees. Under ASC 606, costs that are directly associated with obtaining a contract are to be capitalized and recognized over the term of the agreement. Capitalized costs are included in deferred expenses on the accompanying balance sheet. As such, direct franchise license costs are recognized over the franchise and renewal term, which is the performance obligation, and is typically the franchise agreement's term. If a customer is terminated, the remaining deferred expense will be recognized to expenses.

Deferred revenue consists of the remaining initial franchise fees to be amortized over the life of the franchise agreements. Deferred revenue is a result of the collection of the initial franchise fee at the time of the signing of the franchise agreement and will fluctuate each year based on the number of franchise agreements signed.

Merchandise Revenue

The Merchandise Revenue is generated as a result of transactions with or related to the Company's franchisees. The Company sells merchandise to franchisees to be used in franchised locations. Certain franchisees may prepay for merchandise, and in that circumstance, the revenue is deferred until delivery. merchandise revenue is recognized when control of the merchandise is transferred to the franchisee, which is at the point in time when delivery to the store is complete

**J. Recent Accounting Pronouncements**

FASB ASU No. 2016-02 – Leases (Topic 842) is effective for the calendar year 2022. The standard requires lessees to recognize right-of-use assets and liabilities for most leases with terms longer than twelve months. The Company has evaluated the impact of this standard on its financial statements and determined that it doesn't have any lease that meet the requirement to recognize a right-of-use asset and liability because the Company doesn't have any long-term leases.

In June 2016, the FASB issued ASU No. 2016-13, Financial Instruments – Credit Losses (Topic 326): Measurements of Credit Losses on Financial Instruments. ASU 2016-13, along with subsequent clarifications and improvements (collectively, ASC 326), replaces the incurred loss impairment methodology in prior U.S. GAAP with a methodology that

instead reflects a current estimate of all expected credit losses on financial assets, including receivables. ASC 326 requires that the Company measure and recognize expected credit losses at the time the asset is recorded, while considering a broader range of information to estimate credit losses including country specific macroeconomic conditions that correlate with historical loss experience, delinquency trends and aging behavior of receivables, among others. ASC 326 is effective for the Company beginning January 1, 2023. There was no impact on the Company's financial statements as a result of the implementation of this standard.

## 3. CASH AND CASH EQUIVALENTS

The Company maintains its cash balance in U.S. noninterest-bearing transaction accounts which are insured by the Federal Deposit Insurance Corporation (FDIC) up to $250,000. On December 31, 2024 and 2023 the Company's cash exceeded the FDIC insurance limit by $113,536 in one bank account.

The Company considers all cash in the bank and investments in highly liquid debt instruments with maturities of three months or less to be cash equivalents. As of December 31, 2024 and 2023 the Company had approximately $363,536 and $80,012 respectively in cash in its bank accounts.

Bank accounts are insured by the Federal Deposit Insurance Corporation (FDIC) up to $250,000. On December 31, 2024 and 2023 the Company's cash balances exceeded the FDIC insurance limits as follows:

| | 2024 | 2023 |
|---|---|---|
| **Accounts** | | |
| Checking | $ 113,536 | $ - |
| **Total Uninsured** | **113,536** | **-** |
| Insured Balances | 250,000 | 80,012 |
| **Total Cash and Cash Equivalents** | **$ 363,536** | **$ 80,012** |

The Company has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk in cash.

## 4. ACCOUNTS RECEIVABLE

At the years ended December 31, 2024 and 2023 accounts receivable consisted of the following:

| | 2024 | 2023 |
|---|---|---|
| Royalty receivable | $ 1,951 | $ - |
| Brand fund receivable | 1,014 | - |
| Initial franchise fees receivable | 42,500 | - |
| **Total Accounts Receivable** | **$ 45,465** | **$ -** |

## 5. RELATED PARTY TRANSACTIONS

The Company has related parties' transactions with its members and affiliates. The significant related party transactions consist of a (i) Due to members and affiliate (iSmash Rochester) for the payment of the Company's operating expenses., (ii) Technology fees, royalties, and brand development fund revenues charged to affiliate-owned locations (Company-controlled stores), (iii) trademark license royalties paid to Smash IP Holdings, LLC, (iiii) The Company is required to pay management fees to a member of its parent company.

The Company also has a balance due from a related party (Smash IP Holdings, LLC, iSmash Rochester and Shortino Ventures LLC) which represents expenses paid by the Company on behalf of the related party.

The related parties' transactions in the years ending December 31, 2024 and 2023 were as follows:

| | 2024 | 2023 |
|---|---|---|
| Due to related parties | $ (5,000) | $ (5,759) |
| Technology fees - related parties | 5,750 | 6,000 |
| Royalties - related parties | 32,184 | 6,782 |
| Brand development fund- related parties | 10,137 | 7,459 |
| Trademark royalties - related parties | 5,000 | 5,000 |
| Management fees - related parties | - | 13,023 |
| Due from related parties | $ 39,933 | $ 14,103 |

## 6. REVENUE FROM CONTRACTS WITH CUSTOMERS

**Disaggregation of Revenue**

Information regarding revenues disaggregated by the timing of when goods and services are transferred consist of the following for the years ended December 31:

| | 2024 | 2023 |
|---|---|---|
| Revenue recognized over time | $ 78,628 | $ 22,074 |
| Revenue recognized at a point in time | 300,314 | 85,987 |
| **Total Revenue** | **$ 378,942** | **$ 108,061** |

**Contract Balances**

The following table provides information about the change in the franchise deferred expenses balances during the years ended December 31:

| | 2024 | 2023 |
|---|---|---|
| Beginning balance | $ 86,038 | $ 8,228 |
| Additional deferred expenses | 373,865 | 83,000 |
| Expenses recognized – additional deferred expenses | (21,266) | (5,190) |
| **Deferred expenses** | **438,637** | **86,038** |
| Less: current maturities | (43,590) | (9,174) |
| **Deferred expenses, net of current maturities** | **$ 395,047** | **$ 76,864** |

The following table provides information about the change in the franchise contract liability balances during the years ended December 31, 2024 and 2023 respectively. Franchise contract liability is included in deferred revenue on the accompanying balance sheets.

| | 2024 | 2023 |
|---|---|---|
| Beginning balance | $ 341,938 | $ 32,911 |
| Additional deferred revenue | 1,376,689 | 331,101 |
| Revenue recognized – additional deferred revenue | (78,628) | (22,074) |
| **Deferred revenue** | **1,639,999** | **341,938** |
| Less: current maturities | (174,284) | (36,605) |
| Deferred revenue, net of current maturities | **$ 1,465,715** | **$ 305,333** |

## 7. ADVERTISING EXPENSES

Advertising costs for the years ended December 31, 2024 and 2023 were $181,638 and $46,291 respectively. These costs were expensed as incurred.

## 8. SUBSEQUENT EVENTS

Management has evaluated subsequent events through March 31, 2025 which is the date the financial statements were available to be issued. The Company did not have any material recognizable subsequent events that would require adjustment to, or disclosure in, the financial statements.

# Smash Franchising, LLC

# Independent Auditor's Report
# And
# Financial Statements
# December 31, 2023 and 2022

## Table of Contents

**Independent Auditor's Report** ..... 3
**Balance Sheets** ..... 5
**Statements of Operations** ..... 6
**Statements of Members' Equity (Deficit)** ..... 7
**Statements of Cash Flows** ..... 8
**Notes To Financial Statements** ..... 9

**Metwally CPA PLLC**

**CERTIFIED PUBLIC ACCOUNTANT**

1312 Norwood Dr STE 100, Bedford, Texas 76022

Cell: 214-200-5434 (Mohamed Metwally) Mmetwally@metwallycpa.com

## Independent Auditor's Report

To the members of
Smash Franchising, LLC

**Opinion**

We have audited the accompanying financial statements of Smash Franchising, LLC (the "Company") which comprise the balance sheets as of December 31, 2023 and 2022 and the related statements of operations, members' equity (deficit), and cash flows for the years then ended, and the related notes to the financial statements.

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

**Basis for Opinion**

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. 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 Smash Franchising, LLC and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Emphasis of Matter**

As discussed in note 4 to the financial statements, the Company has extensive transactions and relationships with its affiliates. Accordingly, the accompanying financial statements may not be indicative of the results of operations that would have been achieved if the Company had operated without such affiliations.

**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 Smash Franchising, LLC's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

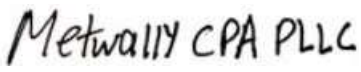
**Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements 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 generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, 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 Smash Franchising, LLC'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 Smash Franchising, LLC'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.




Metwally CPA PLLC
Bedford, Texas
June 07, 2024

# Smash Franchising, LLC
## Balance Sheets
## December 31, 2023 and 2022

| | 2023 | 2022 |
|---|---|---|
| **ASSETS** | | |
| **Current Assets** | | |
| Cash and cash equivalents | $ 80,012 | $ 10,331 |
| Deferred commission, current portion | 9,174 | 874 |
| Due from related party | 14,103 | - |
| **Total Current Assets** | **103,289** | **11,205** |
| **Non-Current Assets** | | |
| Deferred commission, net of current portion | 76,864 | 7,354 |
| **Total Non-Current Assets** | **76,864** | **7,354** |
| **Total Assets** | **$ 180,153** | **$ 18,559** |
| **LIABILITIES AND MEMBERS' EQUITY (DEFICIT)** | | |
| **Current Liabilities** | | |
| Accounts payable and accrued liabilities | $ 8,992 | $ 759 |
| Deferred revenue, current portion | 36,605 | 3,495 |
| Due to related party | 5,759 | 5,759 |
| **Total Current Liabilities** | **51,356** | **10,013** |
| **Long Term Liabilities** | | |
| Deferred revenue, net of current portion | 305,333 | 29,416 |
| **Total Long Term Liabilities** | **305,333** | **29,416** |
| **Total Liabilities** | **356,689** | **39,429** |
| **Members' Equity (Deficit)** | | |
| Members' equity (deficit) | (176,536) | (20,871) |
| **Total Members' Equity (Deficit)** | **(176,536)** | **(20,871)** |
| **Total Liabilities and Members' Equity (Deficit)** | **$ 180,153** | **$ 18,559** |

*The accompanying notes are an integral part of the financial statements.*

## Smash Franchising, LLC
## Statements of Operations
## Years Ended December 31, 2023 and 2022

| | 2023 | 2022 |
|---|---|---|
| **Revenues** | | |
| Merchandise sales | $ 42,482 | $ - |
| Initial franchise fees | 22,074 | 2,039 |
| Royalties | 9,418 | - |
| Royalties - related parties | 6,782 | - |
| Technology fees | 6,500 | - |
| Technology fees - related parties | 6,000 | 4,500 |
| Marketing fees | 3,388 | - |
| Marketing fees - related parties | 7,459 | - |
| Other income | 3,958 | - |
| **Total Revenues** | **108,061** | **6,539** |
| | | |
| **Operating Expenses** | | |
| Contractors | 103,842 | 5,820 |
| Advertising and promotion | 46,291 | 6,622 |
| General and administrative | 36,435 | 18,419 |
| Legal and professional | 34,586 | 9,981 |
| Cost of goods sold | 29,358 | - |
| Management fees - related parties | 13,023 | - |
| Commissions | 5,190 | 510 |
| Trademark royalties - related parties | 5,000 | 5,000 |
| **Total Operating Expenses** | **273,725** | **46,350** |
| **Operating Income / (Loss)** | **(165,664)** | **(39,811)** |
| **Other Income / (Expenses)** | | |
| Interest income | 7 | 1 |
| **Total Other Income / (Expenses)** | **7** | **1** |
| | | |
| **Net Income / (Loss)** | **$ (165,657)** | **$ (39,811)** |

*The accompanying notes are an integral part of the financial statements.*

## Smash Franchising, LLC
## Statements of Members' Equity (Deficit)
## Years Ended December 31, 2023 and 2022

| | |
|---|---|
| **Members' Equity (Deficit) At December 31, 2021** | **$ 17,587** |
| Members' contributions | 1,353 |
| Net income / (loss) | (39,811) |
| **Members' Equity (Deficit) At December 31, 2022** | **$ (20,871)** |
| Members' contributions | 9,992 |
| Net income / (loss) | (165,657) |
| **Members' Equity (Deficit) At December 31, 2023** | **$ (176,536)** |

*The accompanying notes are an integral part of the financial statements.*

**Smash Franchising, LLC**
**Statements of Cash Flows**
**Years Ended December 31, 2023 and 2022**

| | 2023 | 2022 |
|---|---|---|
| **Cash Flows From Operating Activities** | | |
| Net income / (loss) | $ (165,657) | $ (39,811) |
| **Adjustments to reconcile net income to net cash provided by operating activities** | | |
| **Change in assets and liabilities** | | |
| Deferred commission | (77,810) | (8,228) |
| Due from related party | (14,103) | - |
| Accounts payable and accrued liabilities | 8,233 | (984) |
| Deferred revenue | 309,026 | 32,911 |
| Due to related party | - | 5,759 |
| **Net Cash Provided By (Used In) Operating Activities** | **59,689** | **(10,353)** |
| **Cash Flows From Investing Activities** | | |
| **Net Cash Flows Provided By (Used In) Investing Activities** | **-** | **-** |
| **Cash Flows From Financing Activities** | | |
| Members' contributions | 9,992 | 1,353 |
| **Net Cash Flows Provided By (Used In) Financing Activities** | **9,992** | **1,353** |
| **Net Change In Cash And Cash Equivalent During The Year** | **69,682** | **(9,000)** |
| Cash and cash equivalents - beginning of the year | 10,331 | 19,331 |
| **Cash And Cash Equivalent - End of The Year** | **$ 80,012** | **$ 10,331** |

*The accompanying notes are an integral part of the financial statements.*

# Smash Franchising, LLC
# Notes To Financial Statements
# December 31, 2023 and 2022

## 1. COMPANY AND NATURE OF OPERATIONS

Smash Franchising, LLC (the "Company") was established in the state of Delaware on May 26, 2021, for the purpose of offering franchise opportunities to business owners who want to own and operate their own business in the entertainment industry, as a franchise. The franchise offered by the Company is for an iSmash entertainment center that allows customers to smash common household items using instruments such as baseball bats, crowbars, and sledgehammers from a safe and fun environment and other optional add on services such as splatter paint, axe throwing and other services and products. The Company offers individual unit franchises and area development franchises for the development of multiple units within a designated territory.

The Company is affiliated with Smash IP Holdings, LLC, a New Mexico limited liability company established on May 6, 2021. This affiliate owns the Licensed Marks. This affiliate has not in the past and does not now offer franchises in any lines of business.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies is presented to assist the reader in understanding and evaluating the Company's financial statements. The financial statements and notes are representations of the Company's management, which is responsible for their integrity and objectivity. These accounting policies conform to generally accepted accounting principles and have been consistently applied in the preparation of the financial statements.

### A. Basis of Accounting

The Company's financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP").

### B. Cash and Cash Equivalents

For purposes of the Statement of cash flows, cash equivalents include bank accounts and cash in transit for bank deposits with maturities of three months or less to be cash equivalents.

### C. Federal Income Taxes

As a limited liability company, the Company's taxable income or loss is allocated to members in accordance with their respective percentage ownership. Therefore, no provision for income taxes has been included in the financial statements.

### E. Concentration of Credit Risk

The Company maintains cash and cash equivalents with major financial institutions. At various times during the year, the total amount on deposit might exceed the $250,000 limit insured by the Federal Deposit Insurance Corporation (FDIC). The Company believes that it mitigates credit risk by depositing cash with financial institutions having high credit ratings.

**D. Use of Estimates**

The preparation of our Company's financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of our financial statements and the reported amounts of revenues, costs, and expenses during the reporting period. Actual results could differ significantly from those estimates. It is at least reasonably possible that a change in the estimates will occur in the near term.

**E. Revenue Recognition**

Revenue is recognized in accordance with ASC Topic 606, Revenue from Contracts with Customers. The Company adopted ASU 2021-02 Franchisors - Revenue from Contracts with Customers (Subtopic 952-606) effective with the application of ASC Topic 606. The ASU provides a practical expedient to ASU2014-09 Revenue from contracts with Customers (Topic 606). The new guidance allows franchisors to simplify the application of the guidance about identifying performance obligations for franchisors that perform pre-opening services by allowing a franchisor to account for pre-opening services as distinct if they are consistent with those included in a predefined list of pre-opening services.

Franchise Fees

The franchise arrangement between the Company and each franchise owner of the Company's Franchise is documented in the form of a franchise agreement and, in select cases, a development agreement. The franchise arrangement requires the Company as franchisor to perform various activities to support the Company's Franchise brand and does not involve the direct transfer of goods and services to the franchise owner as a customer. Activities performed by the Company are highly interrelated with the franchise license and are considered to represent a single performance obligation, which is the transfer of the franchise license. The nature of the Company's promise in granting the franchise license is to provide the franchise owner with access to the brand's intellectual property over the term of the franchise arrangement.

The transaction price in a standard franchise arrangement consists of (a) franchise fees; (b) Royalty fees; (c) brand fund fees; (d) annual conference fees The Company considers the franchise license to be a single performance obligation, and therefore, recognized over the term of the franchise agreement or renewal which is typically 10 years.

The terms of the Company's franchise agreement will be as follows:

A. The Company will grant the right to use the Company name, trademark and system in the franchisee's franchise development business.
B. The franchisee is obligated to pay a non-refundable initial franchise fee.
C. The franchisee is obligated to pay a weekly royalty, marketing, technology, and other franchise-related fees and costs. Certain other fees are also outlined in the agreement.

Franchise revenues are recognized by the Company from the following different sources:

- Franchise fees are paid in advance of the franchise opening, typically when entering into a new franchisor development agreement. Fees allocated to the franchise license are recognized as revenue on a straight-line basis over the term of each respective franchise agreement. Initial franchise agreement terms are typically 10 years while successive agreement terms are typically 10 years. The Company has determined that these fees, which are paid in advance when they are recognized as revenue and does not contain a significant financing component.

- Royalty fees and other revenues are reported as earned.
- Equipment sales are reported as earned at a point of time.
- IT and marketing fees paid weekly by franchisees.
- other fees are recognized as services are rendered or when payment is received.

Variable Considerations

Franchise agreements contain variable considerations in the form of royalty fees and brand development (advertising). These fees are based on franchisee sales and are recorded as revenue and recognized as these services are delivered because the variable payment relates specifically to the performance obligation of using the license. The Company collects funds from franchisees to manage the brand-level advertising, marketing, and development program. The fee is based on a percentage of the gross sales less any amount paid towards sales tax, payable weekly.

Contract Assets and Liabilities

The Company incurs costs that are directly attributable to obtaining a contract, for example, commission fees, broker fees, and referral fees. Under ASC 606, costs that are directly associated with obtaining a contract are to be capitalized and recognized over the term of the agreement. Capitalized costs are included in deferred expenses on the accompanying balance sheet. As such, direct franchise license costs are recognized over the franchise and renewal term, which is the performance obligation, and is typically the franchise agreement's term. If a customer is terminated, the remaining deferred expense will be recognized to expenses.

Deferred revenue consists of the remaining initial franchise fees to be amortized over the life of the franchise agreements. Deferred revenue is a result of the collection of the initial franchise fee at the time of the signing of the franchise agreement and will fluctuate each year based on the number of franchise agreements signed.

Merchandise Revenue

The Merchandise Revenue is generated as a result of transactions with or related to the Company's franchisees. The Company sells merchandise to franchisees to be used in franchised locations. Certain franchisees may prepay for merchandise, and in that circumstance, the revenue is deferred until delivery. merchandise revenue is recognized when control of the merchandise is transferred to the franchisee, which is at the point in time when delivery to the store is complete.

**F. Advertising and Marketing**

Advertising and marketing costs are charged to operations in the year incurred.

**G. Reclassifications**

Certain reclassifications have been made to the 2022 financial statements to conform to the 2023 presentation. There were no changes to previously reported members' equity or net income because of the reclassifications.

**H. Recent Accounting Pronouncements**

FASB ASU No. 2016-02 – Leases (Topic 842) is effective for the calendar year 2022. The standard requires lessees to recognize right-of-use assets and liabilities for most leases with terms longer than twelve months. The Company has evaluated the impact of this standard on its financial statements and determined that it doesn't have any lease that meet the requirement to recognize a right-of-use asset and liability because the Company doesn't have any long-term leases.

## 3. CASH AND CASH EQUIVALENTS

The Company maintains its cash balance in U.S. noninterest-bearing transaction accounts which are insured by the Federal Deposit Insurance Corporation (FDIC) up to $250,000. On December 31, 2023 and 2022 the Company's cash balance didn't exceed the FDIC insurance limits.

The Company considers all cash in the bank and investments in highly liquid debt instruments with maturities of three months or less to be cash equivalents. As of December 31, 2023 and 2022 the Company had approximately $80,012 and $10,331 respectively in cash in its bank accounts.

## 4. RELATED PARTY TRANSACTIONS

The Company has related parties' transactions with its members and affiliate. The significant related party transactions consist of a (i) Loan from members to pay for the Company's operating expenses, (ii) Technology fees, royalties, and Digital marketing revenues charged to affiliate-owned locations (Company-controlled stores), (iii) trademark license royalties paid to Smash IP Holdings, LLC, (iiii) The Company is required to pay management fees to a member of its parent company.

The Company also has a balance due from a related party (Smash IP Holdings, LLC) which represents expenses paid by the Company on behalf of the related party.

The related parties' transactions in the years ending December 31, 2023 and 2022 were as follows:

| | 2023 | 2022 |
|---|---|---|
| Loan from members | $ (5,759) | $ (5,759) |
| Technology fees - related parties | 6,000 | 4,500 |
| Royalties - related parties | 6,782 | - |
| Digital marketing income - related parties | 7,459 | - |
| Trademark royalties - related parties | 5,000 | 5,000 |
| Management fees - related parties | 13,023 | - |
| Due from related parties | $ 14,103 | $ - |

## 5. REVENUE FROM CONTRACTS WITH CUSTOMERS

**Disaggregation of Revenue**

Information regarding revenues disaggregated by the timing of when goods and services are transferred consist of the following for the years ended December 31:

| | 2023 | 2022 |
|---|---|---|
| Revenue recognized over time | $ 22,074 | $ 2,039 |
| Revenue recognized at a point in time | 85,987 | 4,500 |
| **Total Revenue** | **$ 108,061** | **$ 6,539** |

**Contract Balances**

The following table provides information about the change in the franchise deferred expenses balances during the years ended December 31:

| | 2023 | 2022 |
|---|---|---|
| Beginning balance | $ 8,228 | $ - |
| Additional deferred expenses | 83,000 | 8,738 |
| Expenses recognized – additional deferred expenses | (5,190) | (510) |
| **Deferred expenses** | **86,038** | **8,228** |
| Less: current maturities | (9,174) | (874) |
| **Deferred expenses, net of current maturities** | **$ 76,864** | **$ 7,354** |

The following table provides information about the change in the franchise contract liability balances during the years ended December 31, 2023 and 2022 respectively. Franchise contract liability is included in deferred revenue on the accompanying balance sheets.

| | 2023 | 2022 |
|---|---|---|
| Beginning balance | $ 32,911 | $ - |
| Additional deferred revenue | 331,101 | 34,950 |
| Revenue recognized – additional deferred revenue | (22,074) | (2,039) |
| **Deferred revenue** | **341,938** | **32,911** |
| Less: current maturities | (36,605) | (3,495) |
| **Deferred revenue, net of current maturities** | **$ 305,333** | **$ 29,416** |

## 6. ADVERTISING EXPENSES

Advertising and brand development costs for the years ended December 31, 2023 and 2022 were $46,291 and $6,622 respectively. These costs were expensed as incurred.

## 7. SUBSEQUENT EVENTS

Management has evaluated subsequent events through June 07, 2024 which is the date the financial statements were available to be issued. The Company did not have any material recognizable subsequent events that would require adjustment to, or disclosure in, the financial statements.

FRANCHISE DISCLOSURE DOCUMENT
**EXHIBIT E**
FRANCHISE AGREEMENT

ISMASH

# FRANCHISE AGREEMENT

| FRANCHISEE: |
| --- |
| |

**iSmash Franchise Agreement**

Table of Contents


| Article | | Page |
|---|---|---|
| 1. | DEFINITIONS | **1** |
| 2. | GRANT OF FRANCHISE | **11** |
| 2.A. | GRANT OF FRANCHISE | 11 |
| 2.B. | TERM | 12 |
| 2.C. | GUARANTEES, CONFIDENTIALITY AND RESTRICTIVE COVENANTS | 12 |
| 2.D. | RESERVATION OF RIGHTS | 12 |
| 2.E. | MODIFICATION OF SYSTEM | 13 |
| 2.F. | CORPORATE ENTITY OWNERSHIP | 13 |
| 3. | CENTER LOCATION, DEVELOPMENT, AND OPERATIONS | **13** |
| 3.A. | CENTER LOCATION | 13 |
| 3.B. | CENTER DEVELOPMENT | 14 |
| 3.C. | CENTER OPENING | 15 |
| 3.D. | CENTER OPERATIONS | 15 |
| 3.E. | BUSINESS MANAGEMENT SYSTEM | 16 |
| 3.F. | DIGITAL MEDIA, SYSTEM WEBSITE AND TELEPHONE NUMBERS | 17 |
| 3.G. | CENTER RELOCATION | 18 |
| 4. | TRAINING AND OPERATING ASSISTANCE | **18** |
| 4.A. | INITIAL TRAINING, SUPPLEMENTAL TRAINING AND SYSTEM-WIDE TRAINING | 18 |
| 4.B. | OPERATING ASSISTANCE | 20 |
| 4.C. | OPERATIONS MANUAL | 20 |
| 5. | FEES | **21** |
| 5.A. | INITIAL FRANCHISE FEE | 21 |
| 5.B. | ROYALTY FEES | 21 |
| 5.C. | OTHER FEES | 22 |
| 5.D. | PAYMENT NON-COMPLIANCE FEES AND CHARGES | 23 |
| 5.E. | APPLICATION OF PAYMENTS | 24 |
| 5.F. | WITHHOLDING PAYMENTS UNLAWFUL | 24 |
| 6. | RESTRICTIVE COVENANTS AND OBLIGATIONS | **24** |
| 6.A. | NECESSITY FOR RESTRICTIVE COVENANTS | 24 |
| 6.B. | RESTRICTIVE COVENANTS: KNOW-HOW | 24 |
| 6.C. | RESTRICTIVE COVENANTS: CONFIDENTIAL INFORMATION | 24 |
| 6.D. | RESTRICTIVE COVENANTS: UNFAIR COMPETITION AND IN-TERM NON-COMPETITION OBLIGATIONS | 25 |
| 6.E. | RESTRICTIVE COVENANTS: UNFAIR COMPETITION AND POST-TERMINATION NON-COMPETITION OBLIGATIONS | 25 |
| 6.F. | REASONABLENESS OF RESTRICTIVE COVENANTS AND OBLIGATIONS | 25 |
| 6.G. | BREACH OF RESTRICTIVE COVENANTS AND OBLIGATIONS | 26 |
| 6.H. | OWNERSHIP OF INNOVATIONS, IMPROVEMENTS, AND INFORMATION | 26 |
| 7. | OPERATING STANDARDS | **26** |
| 7.A. | OPERATIONS, MAINTENANCE, AND APPEARANCE | 26 |
| 7.B. | UPDATING AND UPGRADING | 27 |
| 7.C. | FRANCHISOR ENTRY FOR UPDATES, UPGRADES, AND APPEARANCE REQUIREMENTS | 27 |
| 7.D. | DAMAGE CAUSED BY CASUALTY | 27 |
| 7.E. | ALTERATIONS | 27 |
| 7.F. | BRAND STANDARDS AND FRANCHISOR DESIGNATED REQUIREMENTS | 27 |
| 7.G. | APPROVED SERVICES, PRODUCTS, EQUIPMENT AND SUPPLIERS | 28 |
| 7.H. | MARKET RESEARCH AND TESTING | 29 |

7.I. COMPLIANCE WITH LAWS AND GOOD BUSINESS PRACTICES ..... 29
7.J. MANAGEMENT OF CENTER ..... 30
7.K. REMEDIES FOR NONCOMPLIANCE WITH OPERATIONAL STANDARDS ..... 31
8. INSURANCE ..... 31
9. BRAND DEVELOPMENT AND MARKETING ..... 32
9.A. BRAND DEVELOPMENT FUND ..... 32
9.B. LOCAL MARKETING ..... 34
9.C. REQUIRED FRANCHISOR APPROVAL OF ALL MARKETING ..... 35
9.D. WAIVERS OR DEFERRALS ..... 36
9.E. DIGITAL MEDIA AND WEBSITE PROHIBITIONS ..... 36
9.F. ADVERTISING COOPERATIVE ..... 36
10. RELATIONSHIP OF THE PARTIES AND INDEMNIFICATION ..... 37
10.A. INDEPENDENT CONTRACTORS AND NO JOINT EMPLOYER RELATIONSHIP ..... 37
10.B. INDEMNIFICATION BY FRANCHISEE ..... 38
10.C. INDEMNIFICATION BY FRANCHISOR ..... 39
11. LICENSED MARKS, SYSTEM, AND, INNOVATIONS ..... 39
11.A. OWNERSHIP AND GOODWILL ..... 39
11.B. USE OF THE LICENSED MARKS ..... 40
11.C. NOTIFICATION OF INFRINGEMENT AND CLAIMS ..... 40
11.D. DISCONTINUANCE OF USE OF LICENSED MARKS ..... 40
11.E. INDEMNIFICATION OF FRANCHISEE ..... 40
11.F. OWNERSHIP OF INNOVATIONS, IMPROVEMENTS AND INFORMATION ..... 41
12. RECORDS AND REPORTS ..... 41
12.A. MAINTENANCE AND PRESERVATION OF RECORDS ..... 41
12.B. REPORTING OBLIGATIONS ..... 41
12.C. REMEDIES FOR NONCOMPLIANCE WITH RECORDS AND REPORTING ..... 42
13. INSPECTION AND AUDITS ..... 42
13.A. FRANCHISOR'S RIGHT TO INSPECT ..... 42
13.B. FRANCHISOR'S RIGHT TO EXAMINE BOOKS AND RECORDS ..... 42
14. TRANSFER OF INTEREST ..... 43
14.A. TRANSFER BY FRANCHISOR ..... 43
14.B. FRANCHISEE MAY NOT TRANSFER WITHOUT FRANCHISOR APPROVAL ..... 43
14.C. CONDITIONS FOR APPROVAL OF TRANSFER ..... 44
14.D. DEATH OR DISABILITY OF FRANCHISEE OR AN OWNER ..... 46
14.E. TRANSFER TO WHOLLY OWNED CORPORATE ENTITY ..... 47
14.F. FRANCHISOR'S RIGHT OF FIRST REFUSAL ..... 47
15. RENEWAL OF FRANCHISE ..... 48
15.A. FRANCHISEE'S RIGHT TO RENEW ..... 48
15.B. CONDITIONS FOR RENEWAL ..... 48
15.C. RENEWAL FRANCHISE AGREEMENT ..... 49
16. DEFAULTS, TERMINATION AND REMEDIES ..... 49
16.A. DEFAULTS BY FRANCHISEE AND TERMINATION BY FRANCHISOR ..... 49
16.B. TERMINATION BY FRANCHISEE ..... 54
16.C. FRANCHISOR'S ADDITIONAL RIGHTS, REMEDIES, AND DAMAGES ..... 54
17. OBLIGATIONS UPON TERMINATION, EXPIRATION AND CONTINUING OBLIGATIONS ..... 56
17.A. PAYMENT OF AMOUNTS OWED TO FRANCHISOR ..... 56
17.B. CEASE OPERATIONS AND PROTECTION OF THE SYSTEM ..... 56
17.C. CONTINUING OBLIGATIONS ..... 58
18. ENFORCEMENT AND CONSTRUCTION ..... 58
18.A. SEVERABILITY AND SUBSTITUTION OF VALID PROVISIONS ..... 58
18.B. WAIVER OF OBLIGATIONS ..... 59
18.C. FORCE MAJEURE ..... 59
18.D. SPECIFIC PERFORMANCE AND INJUNCTIVE RELIEF ..... 59

18.E. RIGHTS OF PARTIES ARE CUMULATIVE ..... 60
18.F. GOVERNING LAW ..... 60
18.G. NON-BINDING MEDIATION AND BINDING ARBITRATION ..... 60
18.H. VARIANCES ..... 62
18.I. LIMITATIONS OF CLAIMS ..... 62
18.J. WAIVER OF PUNITIVE DAMAGES AND LIMITATION OF DAMAGES ..... 62
18.K. WAIVER OF JURY TRIAL ..... 63
18.L. BINDING EFFECT ..... 63
18.M. COMPLETE AGREEMENT ..... 63
18.N. ATTORNEY FEES AND EXPENSES ..... 63
18.O. NO CLASS ACTION OR MULTI-PARTY ACTIONS ..... 63
18.P. ACCEPTANCE BY FRANCHISOR ..... 63
18.Q. NO PERSONAL LIABILITY BY FRANCHISOR'S EMPLOYEES, OFFICERS OR AGENTS ..... 63
18.R. NON-UNIFORM AGREEMENTS ..... 64
18.S NO RIGHT TO OFFSET ..... 64
18.T. HEADINGS ..... 64
18.U. AUTHORITY TO EXECUTE ..... 64
18.V. COUNTERPARTS, ELECTRONIC SIGNATURES, AND MULTIPLE COPIES ..... 64
18.W. JOINT AND SEVERAL LIABILITY ..... 64
18.X. RECITALS ..... 64
19. NOTICES ..... **65**

Schedules and Exhibits

Schedule 1 Location and Designated Territory Acknowledgment
Schedule 2 Statement of Franchise Owners

Exhibit 1 Franchise Owner Agreement and Guaranty
Exhibit 2 Confidentiality Agreement
Exhibit 3 Site Selection Acknowledgment
Exhibit 4 Lease Agreement Rider
Exhibit 5 Collateral Assignment of Lease
Exhibit 6 Assignment of Telephone Numbers and Digital Media Accounts
Exhibit 7 ACH Authorization Form
Exhibit 8 General Release

iSmash

# FRANCHISE AGREEMENT

This Franchise Agreement (the "Agreement") is entered into on _____, 20__ ("Effective Date"), by and between Smash Franchising LLC, a Delaware limited liability company with a principal place of business located at 1225 Jefferson Road #13, Rochester, New York 14623 (the "Franchisor") and _____ (the "Franchisee").

## RECITALS

WHEREAS, Franchisor has developed a distinctive and proprietary system (the "System") for the establishment, development and operation of an iSmash Center, an entertainment center that allows customers to smash common household items using instruments such as baseball bats, crowbars, and sledgehammers from a safe and fun environment and other optional add on services such as splatter paint, axe throwing and other services and products that Franchisor authorizes (the "Approved Services and Products") under the Licensed Marks (defined below) (each, a "Center");

WHEREAS, the System and, therefore, each Center, is identified by the Licensed Marks and distinctive trade dress, service offerings, business formats, equipment, products, supplies, operating procedures, programs, methods, procedures, and marketing and advertising standards, all of which are part of the System and all of which Franchisor may modify from time to time; and

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

NOW THEREFORE, in consideration of the foregoing recitals and other good and valuable consideration, the receipt and sufficiency of which is hereby mutually acknowledged, the parties do hereby agree, as follows:

## ARTICLE 1
## DEFINITIONS

Supplementing the terms and definitions contained in the foregoing "Recitals":

"**Accounting Period**" refers to and means the period of time selected and determined by Franchisor for the required measurement and reporting of financial information and payment of financial obligations by Franchisee. The applicable measurement period will be determined by Franchisor from time to time with respect to Franchisee's obligations to report financial information and data to Franchisor and Franchisee's payment of all fees and other obligations under this Agreement. The respective "Accounting Period" shall be those Franchisor designated times, whether instantly on a recurring basis upon receipt of Gross Sales, weekly, monthly, or otherwise, as designated by Franchisor, with all such Accounting Periods automatically commencing on the earlier of the (a) Scheduled Business Commencement Date, or (b) the Actual Business Commencement Date of the Franchised Business and, continuing, throughout the Term of this Agreement. Unless otherwise designated by Franchisor at any time, unless otherwise specified in this Agreement, the Accounting Period shall be a weekly period for each and every week throughout the Term of this Agreement.

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

"**Advertising Contributions**" refers to and means any and all obligations of Franchisee to contribute to or pay fees to Franchisor, Franchisor's affiliate and/or designees as set forth in this Agreement including, but not limited to, the Brand Development Fund Fee (Article 9.A.).

"**Advertising Cooperative**" shall have the meaning defined and set forth in Article 9.F. of this Agreement.

"**Alternative Channels of Distribution**" refers to and means outlets that do not include Centers but do include stores, and/or internet / web based sales and similar outlets that sell, and/or related branded products or services to the public.

"**Ancillary Agreements**" refers to and means, individually and collectively, each and every agreement between: (a) Franchisor and Franchisee but, not including this Agreement; and (b) Franchisor and each of Franchisee's Owners, whether individually and/or collectively. Without limitation to the foregoing, the term Ancillary Agreements includes the Franchise Owner Agreement and Guaranty, Lease Agreement Rider, Collateral Assignment of Lease and the Assignment of Telephone Numbers and Digital Media Accounts, as said agreements, individually and/or collectively, may have been entered into between the foregoing parties.

"**Annual Conference Attendance Fee**" refers to and means an annual conference attendance fee to be paid by Franchisee to Franchisor in an amount determined by Franchisor but not to exceeding $1,500 annually.

"**Annual System Conference**" refers to and means a conference that may be established and organized by Franchisor for the purpose of facilitating networking among iSmash Center franchisees, and general education. Franchisor shall designate and determine whether or not an Annual System Conference shall occur and, if one is established in any particular year, the dates, content and location of the Annual System Conference. The Annual System Conference shall be for a duration of not more than three consecutive days per calendar year. Franchisee is responsible for all costs and expenses associated with Franchisee's travel to and attendance at the Annual System Conference.

"**Approved Services and Products**" shall have the meaning defined in the "Recitals" section of this Agreement and shall further refer to and mean those products and services that Franchisor authorizes for sale by iSmash Centers. Franchisor shall exclusively designate and determine the Approved Services and Products and Franchisor, in Franchisor's Reasonable Business Judgment, may change, modify, reduce or supplement the Approved Services and Products that must be offered and sold by the Franchised Business and those products and services that may not be sold by the Franchised Business. The Operations Manual, subject to changes that Franchisor may make from time to time and Franchisor's right to change and modify the Approved Services and Products, shall designate the Approved Services and Products that must be offered and sold by the Franchised Business. The Franchised Business may only offer and sell the Approved Services and Products.

"**Assignment of Telephone Numbers and Digital Media Accounts**" refers to and means the Assignment of Telephone Numbers and Digital Media Accounts agreement attached to this Agreement as Exhibit 6.

"**Brand Development Fund**" shall have the meaning defined and set forth in Article 9.A. of this Agreement.

"**Brand Development Fund Contribution Percentage**" shall have the meaning defined and set forth in Article 9.A. of this Agreement.

"**Brand Development Fund Fee**" shall have the meaning defined and set forth in Article 9.A. of this Agreement.

"**Business Management System**" refers to and means the software, internet, web based and/or cloud based system or systems, point of sale system or systems and customer relationship management system or systems as same may be individually, or collectively, designated by Franchisor, in Franchisor's Reasonable Business Judgment, as being required for use by the Franchised Business.

"**Business Management System Data**" refers to and means the forms, data, tools, customer information, inventory, sales, and other information that: (a) is pre-populated or entered into the Business Management System; (b) is entered by Franchisor or Franchisee into the Business Management System; and/or (c) is recorded, stored and/or maintained in connection with the Franchised Business.

"**Captive Market**" refers to and means any and all facilities, venues, and/or institutions with captive audiences or consumers, workers, members and/or participants. Without limitation to the foregoing, the term Captive Market shall further refer to and include, among other things: airports, transportation stations, government facilities, military bases, hotels, resorts, amusement parks, recreational parks and facilities, seasonal facilities, and shopping malls.

"**Center Facility**" refers to and means the fixed commercial Center facilities including, the fixtures and improvements, from which iSmash Centers are established, operated and managed.

"**Center Location(s)**" refers to and means the fixed locations from which iSmash Centers are developed, operated and managed.

"**Closed Market**" refers to and means any and all Captive Markets that are presently or, in the future, located within Franchisee's Designated Territory.

"**Collateral Assignment of Lease**" refers to and means the Collateral Assignment of Lease agreement attached to this Agreement as Exhibit 5.

"**Competitive Business**" refers to and means any business that is the same as or similar to an iSmash Center including any business, that offers, sells and/or allows customers to smash common household items, splatter paint, and axe throwing for entertainment purposes, and related products and/or services.

"**Confidential Information**" refers to and means all of Franchisor's and Franchisor's affiliates trade secrets, methods, standards, techniques, procedures, data and information, as same may exist as of the Effective Date of this Agreement and as same may be developed, modified and supplemented in the future, constituting and comprising: (a) methods, specifications, standards, policies, procedures, information, concepts, programs and systems relating to the development, establishment, marketing, promotion and operation of iSmash Centers; (b) information concerning consumer preferences for services, products, materials and supplies used or sold by iSmash Centers, and specifications for and knowledge of suppliers of inventory, equipment, products, supplies and procedures used or sold by iSmash Centers; (c) information concerning customers, customer lists, email lists, database lists, product sales, operating results, financial performance and other financial data of iSmash Centers; (d) Business Management System Data; (e) current and future information contained in the Operations Manual; and (f) Know-How.

"**Confidentiality Agreement**" refers to and means the sample form of "Confidentiality Agreement" attached to this Agreement as Exhibit 2.

"**Controlling Interest**" shall exist for the following individuals, Owners, partners and/or entities: (a) (If Franchisee is a corporation) a controlling interest shall exist for such shareholders and Owners of the voting shares of stock of Franchisee as (i) shall permit voting control of Franchisee on any issue and/or (ii) shall prevent any other person, group, combination, or entity from blocking voting control on any issue or exercising any veto power; (b) (If Franchisee is a general partnership) a controlling interest shall exist for such partners and Owners that possess a managing partnership interest or such percentage of the general partnership interests in Franchisee as (i) shall permit determination of the outcome on any issue, and (ii) shall prevent any other person, group, combination, or entity from blocking voting control on any issue or exercising any veto power; (c) (If Franchisee is a limited partnership) a controlling interest shall exist for such partners and Owners that possess a general partnership interest; and (d) (If Franchisee is a limited liability company) a controlling interest shall exist for such members and Owners that possess a percentage of the membership interests as (i) shall permit determination of the outcome on any issue, and (ii) shall prevent any other person, group, combination or entity from blocking voting control on any issue or exercising any veto power.

"**Copyrights**" refers to and means all works and materials for which Franchisor or any affiliate of Franchisor has secured common law or registered copyright protection and Franchisor uses and/or allows iSmash Center franchisees to use in the operation of an iSmash Center, whether as of the Effective Date of this Agreement or any time in the future.

"**Corporate Entity**" refers to and means a corporation, limited liability company, partnership or other corporate legal entity that is not an individual person.

"**Designated Territory**" refers to and means the territory identified and described in Schedule 1 attached to and made a part of this Agreement or, if Schedule 1 is not completed at the time of signing this Agreement, as Schedule 1 is otherwise completed in accordance with this Agreement. Franchisor, in Franchisor's Reasonable Business Judgment and discretion, shall determine the Designated Territory. If Schedule 1 is not completed and/or is not signed by Franchisor there shall be no Designated Territory.

"**Digital Media**" refers to and means any interactive or static digital document, application or media that is connected to and/or in a network of computers and/or other devices linked by communications software, part of the world wide web, linked by the internet or part of a web based application, software application, smart phone application or social media platform such as Facebook, LinkedIn, Twitter, Pinterest, Instagram, SnapChat, and YouTube, and internet based directories and local directories that refers, references, identifies, reviews, promotes and/or relates, in any way, to, iSmash Centers, the Franchised Business, the Licensed Marks, the System and/or Franchisor. Digital Media further includes the System Website, and all other media and/or publications relating to the System that is displayed and/or transmitted digitally.

"**Due Date**" shall have the meaning defined and set forth in Article 5.B. of this Agreement.

"**Effective Date**" shall be the date set forth, defined and referred to in the first paragraph of this Agreement.

"**Franchise Owner Agreement and Guaranty**" refers to and means the form of agreement attached to this Agreement as Exhibit 1.

"**Franchised Business**" refers to and means the iSmash Center that Franchisee is required to develop, maintain and operate as part of the System and in accordance with the terms, conditions and obligations set forth in this Agreement and the Operations Manual.

"**Franchisee's Center Facility**" refers to and means the Center Facility from which Franchisee develops, operates and manages the Franchised Business. Franchisee's Center Facility must be located at a Center Location that has been approved by Franchisor.

"**Franchisee's Center Location**" shall have the meaning defined and set forth in Article 2.A. of this Agreement. Franchisee's Center Location must be designated in accordance with Schedule 1 of this Agreement and must be approved by Franchisor, in Franchisor's Reasonable Business Judgment.

"**Franchisor's Reasonable Business Judgment**" refers to, means, and relates to any and all decisions, actions and choices made by Franchisor concerning or relating to this Agreement, the System generally, iSmash Centers and/or the Franchised Business where Franchisor undertakes or makes such decision with the intention of benefitting or acting in a way that could benefit the System. When making decisions and/or taking actions in Franchisor's Reasonable Business Judgment, Franchisor may, in addition to all other rights afforded to Franchisor under this Agreement, consider factors, in whole or in part, that include: Franchisor's profits, enhancing the value of the Licensed Marks; increasing customer satisfaction, minimizing potential customer confusion as to the Licensed Marks, determining designated territory markets, minimizing potential customer confusion as to the location of iSmash Centers, expanding brand awareness of the Licensed Marks, implementing marketing and accounting control systems, approving products, services, supplies and equipment. Franchisee agrees that when a decision, determination, action and/or choice is made by Franchisor in Franchisor's Reasonable Business Judgment that such decision, determination, action or choice shall take precedence and prevail, even if other alternatives, determinations, actions and/or choices are reasonable or arguably available and/or preferable. Franchisee agrees that in connection with any decision, determination, action and/or choice made by Franchisor in Franchisor's Reasonable Business Judgment that: (a) Franchisor possesses a legitimate interest in seeking to maximize Franchisor's profits; (b) Franchisor shall not be required to consider Franchisee's individual economic or business interests as compared to the overall System; and (c) should Franchisor economically benefit from such decision, determination, action and/or choice that such economic benefit to Franchisor shall not be relevant to demonstrating that Franchisor did not exercise reasonable business judgment with regard to Franchisor's obligations under this Agreement and/or with regard to the System. Franchisee agrees that neither Franchisee and/or any third party, including, but not limited to, any third party acting as a trier of fact, shall substitute Franchisee's or such third party's judgment for Franchisor's Reasonable Business Judgment. Franchisee further agrees that should Franchisee challenge Franchisor's Reasonable Business Judgment in any legal proceeding that Franchisee possesses the burden of demonstrating, by clear and convincing evidence, that Franchisor failed to exercise Franchisor's Reasonable Business Judgment.

"**Gift Cards**" refers to and means any and all gift cards, vouchers, receipts, cards and other evidence of a pre-paid purchase transaction or credit that Franchisor authorizes concerning an iSmash Center.

"**Gross Sales**" refers to and means the total dollar sales from all business and customers of the Franchised Business and includes the total gross amount of revenues and sales from whatever source derived, whether in form of cash, credit, agreements to pay or other consideration including the actual retail value of any goods or services traded, borrowed, or received by Franchisee in exchange for any form of non-money consideration (whether or not payment is received at the time of the sale), from or derived by Franchisee or any other person or Corporate Entity from business conducted or which started in, on, from or through the Franchised Business, Franchisee's Center Location, and/or Franchisee's Center Facility whether such business is/was conducted in compliance with or in violation of the terms

of this Agreement. Supplementing the foregoing, Gross Sales further includes the total gross amount of revenues and sales from whatever source derived from and/or derived by Franchisee (including any person and/or Corporate Entity acting on behalf of Franchisee) from business conducted within and/or outside the Designated Territory that is related to the Franchised Business and/or a Competitive Business located and/or operated at Franchisee's Center Location, at Franchisee's Center Facility, within the Designated Territory, outside the Designated Territory, and/or otherwise (the foregoing does not constitute approval for Franchisee's operation of a Competitive Business and/or the operation of an iSmash Center outside of the Designated Territory). Gross Sales do not include (a) sales taxes that Franchisee collects and remits to the proper taxing authority, and (b) authorized promotional discounts that Franchisee provides to Center customers.

"**Immediate Family Member**" refers to and means the spouse of a person and any other member of the household of such person, including, without limitation, children, and grandchildren of such person. Immediate Family Member shall further refer to and mean the spouse, children, grandchildren, and other members of the household of each Franchisee, if Franchisee is an individual, or each Owner of Franchisee if Franchisee is a Corporate Entity.

"**IP Claim**" shall have the meaning defined and set forth in Article 11.E. of this Agreement.

"**iSmash Center(s)**" shall have the meaning defined in the Recitals section of this Agreement and, without limitation to the Recitals section, the definition of "iSmash Centers", shall further include, refer to and mean: every business and all businesses owned and/or operated by Franchisor, Franchisor's affiliates and/or authorized franchisees that use and/or is/are required to use the System and/or Licensed Marks, and, including, but not limited to, the Franchised Business. At minimum, the iSmash Center must be operated and provides customers the ability to smash common household items using instruments such as baseball bats, crowbars, and sledgehammers (the "Smash Services") and to provide a splatter paint room which offers and provides customers the ability to throw UV glow-in-the-dark paint and create art on a canvas in a black-lit controlled area (the "Splatter Paint Services"). If Franchisee qualifies and is approved by Franchisor, Franchisee may also provide customers with an axe throwing area which offers and provides customers the ability to play various games by throwing axes at computerized projected targets within a controlled area (the "Axe Throwing Services").

"**Know-How**" refers to means Franchisor's trade secrets and proprietary information relating to the development, establishment, marketing, promotion and/or operation of an iSmash Center including, but not limited to, methods, techniques, inventory, products and services standards and specifications and information reflected in, included in, comprising and/or constituting a part of the System. Without limitation to the foregoing, Know-How shall further include information contained in the Operations Manual and the Confidential Information.

"**Lease Agreement Rider**" refers to and means the form "Lease Agreement Rider" attached to this Agreement as Exhibit 4.

"**Licensed Marks**" refers to and means the trademarks, service marks, indicia of origin, including the "iSmash" trademark, the iSmash logo, Trade Dress, and other trademarks, service marks, logos, slogans and designs authorized by Franchisor in connection with the identification of iSmash Centers and the Approved Services and Products, provided that such trade names, trademarks, service marks, logos and designs are subject to modification, replacement and discontinuance by Franchisor at any time in Franchisor's Reasonable Business Judgment.

"**Management Service Fees**" shall have the meaning defined and set forth in Articles 7.J. and 14.D. of this Agreement.

"**Managers**" refers to and means the Managing Owner plus all assistant managers of the Franchised Business and all other employees, independent contractors, consultants, directors, officers and board members who may possess access to the Confidential Information.

"**Managing Owner**" if Franchisee is a partnership or Corporate Entity, the Managing Owner shall be the Owner responsible for the day-to-day oversight, management and operation of the Franchised Business. The Managing Owner must possess, maintain and own not less than 25% of the equity and ownership interests in Franchisee. At all times, the Managing Owner must manage the operations of the Franchised Business.

"**Operating Manager**" refers to and means the Manager designated by Franchisee or Franchisee's Managing Owner, that is charged with the obligation and responsibility to supervise and manage (on-site at Franchisee's Center Facility) the day-to-day operations of the Franchised Business. At all times, the Operating Manager must: (a) meet all of Franchisor's minimum training and brand quality control standards and criteria for managers as may be set forth in the Operations Manual; (b) successfully complete Franchisor's initial training program; (c) sign the Confidentiality Agreement; and (d) agree, in writing, to assume responsibility for the on-site management and supervision of the Franchised Business.

"**Operations Manual**" refers to and means, individually and collectively, the manual(s) designated by Franchisor and relating to the development and/or operations of iSmash Centers including, but not limited to, the policies, procedures and requirements for the development and operation of iSmash Centers. The Operations Manual may consist of one or more volumes, handbooks, manuals, written materials, videos, electronic media files, cloud/internet based list-service, intranet, internet based and accessed databases, computer media, email, webinars and other materials as may be modified, added to, replaced or supplemented by Franchisor from time to time in Franchisor's Reasonable Business Judgment, whether by way of supplements, replacement pages, franchise bulletins, or other official pronouncements or means. Subject to Franchisor's modification from time to time and, based on Franchisor's Reasonable Business Judgment, the Operations Manual may, among other things, designate the Approved Services and Products that must be exclusively offered and sold by the Franchised Business and, the System Supplies and designated vendors that must be exclusively used by Franchisee.

"**Operations Non-Compliance Fee**" shall have the meaning defined and set forth in Article 7.K. of this Agreement.

"**Operations Violation**" shall have the meaning defined and set forth in Article 7.K. of this Agreement.

"**Owner**" refers to and means collectively, individually and jointly: (a) the officers and directors of Franchisee (including the officers and directors of any general partner of Franchisee) who hold an ownership interest in Franchisee; (b) the managing member or manager of Franchisee, if franchisee is a limited liability company; (c) all holders of a 5% or more direct or indirect ownership interest in Franchisee and/or of any entity directly or indirectly controlling Franchisee; and (d) the Managing Owner(s). Franchisee's Owners are identified in Schedule 2 to this Agreement.

"**Payment Non-Compliance Fee**" shall have the meaning defined and set forth in Article 5.D. of this Agreement.

"**Post-Term Restricted Period**" refers to and means the 24 month period after the earliest to occur of the following: (a) the expiration or termination of this Agreement for any reason; or (b) the date on

which Franchisee, in compliance with the terms of this Agreement, Transfers this Agreement to another person or Corporate Entity. Provided however, that if a court of competent jurisdiction determines that this period of time is too long to be enforceable, then the "Post-Term Restricted Period" means the 18 month period after the earliest to occur of the following: (a) the expiration or termination of this Agreement for any reason; or (b) the date on which Franchisee, in compliance with the terms of this Agreement, Transfers this Agreement to another person or Corporate Entity.

"**Prohibited Activities**" shall have the meaning defined and set forth in Article 6.D. of this Agreement.

"**Published Content**" refers to and means any and all information, data, articles, communications, videos and other information relating to or concerning the Franchised Business, the System, or the Licensed Marks that is or was made available by Franchisee or Franchisee's agents to the public in print or electronic media that is published, listed, made available, uploaded on, downloaded to, posted or distributed through Digital Media.

"**Renewal Ancillary Agreements**" shall have the meaning defined and set forth in Article 15.B. of this Agreement.

"**Renewal Fee**" The Renewal Fee is a fixed sum of $5,000.

"**Renewal Franchise Agreement**" shall have the meaning defined and set forth in Article 15.B. of this Agreement.

"**Renewal Notice**" shall have the meaning defined and set forth in Article 15.B. of this Agreement.

"**Renewal Term**" shall have the meaning defined and set forth in Article 15.A. of this Agreement.

"**Reporting Non-Compliance Fee**" shall have the meaning defined and set forth in Article 12.C. of this Agreement.

"**Reporting Violation**" shall have the meaning defined and set forth in Article 12.C. of this Agreement.

**"Reputation Management Services**" refers to and means the customer review, review monitoring, reporting and/or reputation management services designated by Franchisor. Franchisor, in Franchisor's Reasonable Business Judgement, shall exclusively select the Reputation Management Services to be used by Franchisee and to determine and select the websites, social media sites, reporting services, surveys, and service platforms to be included in any evaluation and/or determination of Franchisee's customer satisfaction or approval ratings.

"**Reserved Rights**" shall have the meaning defined and set forth in Article 2.D. of this Agreement.

"**Restricted Territory**" refers to and means the geographic area: (a) comprising Franchisee's Designated Territory; (b) comprising a 25 mile radius surrounding Franchisee's Designated Territory or, if Franchisee is not granted or designated a designated territory, then a 25 mile radius surrounding Franchisee's Center Location; (c) comprising a 10 mile radius surrounding the Center Locations for all other iSmash Centers operating and/or under development as of the Effective Date of this Agreement; and (d) comprising a 10 mile radius surrounding the Center Locations for all other iSmash Centers that are in operation or under development during all or any part of the Post-Term Restricted Period; provided, however, that if a court of competent jurisdiction determines that the foregoing Restricted Territory is too broad to be enforceable, then the "Restricted Territory" means the geographic area comprising Franchisee's Designated Territory plus a 25 mile radius surrounding Franchisee's

Designated Territory or, if Franchisee is not granted or designated a designated territory, then a 25 mile radius surrounding Franchisee's Center Location.

"**Royalty and Activity Report**" shall have the meaning defined and set forth in Article 5.B. of this Agreement.

"**Royalty Fee**" shall have the meaning defined and set forth in Article 5.B. of this Agreement.

"**Royalty Rate**" shall have the meaning defined and set forth in Article 5.B. of this Agreement.

"**Scheduled Business Commencement Date**" refers to and means the date that occurs on the twelve month anniversary of the Effective Date of this Agreement.

"**Site Selection Acknowledgment**" refers to and means the form "Site Selection Acknowledgment" attached to this Agreement as Exhibit 3.

"**Site Selection Area**" shall have the meaning defined and set forth in Article 2.A.(4) of this Agreement.

"**Site Selection Period**" refers to and means the period of time commencing on the Site Selection Acknowledgment Date (as such date may be set forth by Franchisor, and only Franchisor, in the Site Selection Acknowledgment) and automatically expiring 60 calendar days after the Site Selection Acknowledgment Date. If the Site Selection Acknowledgment Date is not set forth and acknowledged by Franchisor in the Site Selection Acknowledgment then, the Site Selection Period shall be 0 days. If the Site Selection Acknowledgment is not signed by Franchisor, then there shall be no Site Selection Period.

"**Supplemental Training**" shall have the meaning defined and set forth in Article 4.A. of this Agreement.

"**Supplemental Training Fee"** shall have the meaning defined and set forth in Article 4.A. of this Agreement.

"**Supplier Evaluation Fee**" refers to and means the fee determined by Franchisor, in Franchisor's Reasonable Business Judgment, and based upon the fees and/or expenses incurred by Franchisor in connection with the evaluation of a request by Franchisee for Franchisor's consideration and/or review of a potential supplier. Under no circumstance is Franchisor required to approve of suppliers requested by Franchisee.

"**System**" shall have the meaning defined in the "Recitals" section of this Agreement and is further supplemented, as follows: without limitation to the Recitals section of this Agreement and supplementing the definition and meaning of the term "System", System shall be defined to further include and mean: (a) the Approved Services and Products, System Supplies and the services, procedures and systems that are designated by Franchisor, whether presently or in the future, for use in connection with the development, establishment, marketing, promotion and operation of an iSmash Center; (b) the Licensed Marks; (c) the Trade Dress; (d) Copyrights; (e) other trade names, service marks, signs, and logos, copyrights and trade dress that is designated by Franchisor, whether presently or in the future, for use in connection with the development, establishment, marketing, promotion and operation of an iSmash Center; (f) Operations Manual; (g) Business Management System Data; (h) Know-How; (i) Confidential Information; and (j) Digital Media. All determinations as to the system including components to the system and modifications and replacements thereto shall be determined by Franchisor in Franchisor's Reasonable Business Judgment.

"**System Supplies**" refers to and means all: (a) merchandise, inventory, products, supplies, and/or goods constituting or comprising the Approved Services and Products or, a portion thereof, authorized for sale by the Franchised Business or designated for the preparation of Approved Services and Products; (b) products, supplies, services, and/or goods used to prepare, provide, offer, and/or sell services constituting or comprising the Approved Services and Products; (c) products, supplies, and/or goods as designated by Franchisor for the marketing, sale, provision, and/or delivery of the Approved Services and Products including, without limitation, uniforms, point of sale displays, packaging; (d) furniture, fixtures, and equipment designated by Franchisor; and (e) other items as designated by Franchisor in the Operations Manual, and, as may be modified and supplemented by Franchisor from time to time, in Franchisor's Reasonable Business Judgment, as being required for the development and operation of the Franchised Business.

"**System Website**" refers to and means the web page and pages located on the world wide web at the www.ismashusa.com URL and shall further include all webpages and subdomains, including those that are franchisee and/or geography specific, that are a part of www.ismashusa.com, or as designated by Franchisor being associated with the URL of www.ismashusa.com and/or iSmash Centers.

"**Technology Fee**" shall have the meaning defined and set forth in Article 5.C. of this Agreement.

"**Term**" refers to and means the period of time set forth and defined in Article 2.B. of this Agreement and, the Renewal Term if Franchisee invokes Franchisee's renewal rights in accordance with the terms of this Agreement.

"**Trade Dress**" refers to and means the iSmash Center designs, images, marketing materials, packaging, branding and/or branding images which Franchisor authorizes and requires Franchisee to use in connection with the operation of the Franchised Business and as may be revised and further developed by Franchisor from time to time.

"**Training Program**" shall have the meaning defined and set forth in Article 4.A. of this Agreement.

"**Transfer**" refers to and means and shall include, without limitation, the following, whether voluntary or involuntary, conditional or unconditional, and/or direct or indirect: (a) an assignment, sale, gift, transfer, pledge or sub-franchise; (b) the grant of a mortgage, charge, lien or security interest, including, without limitation, the grant of a collateral assignment; (c) a merger, consolidation, exchange of shares or other ownership interests, issuance of additional ownership interests or securities representing or potentially representing ownership interests, or redemption of ownership interests; (d) a sale or exchange of voting interests or securities convertible to voting interests, or an agreement granting the right to exercise or control the exercise of the voting rights of any holder of ownership interests or to control the operations or affairs of Franchisee; and/or (e) the legal and/or equitable transfer and/or sale of an Owners interests and/or voting rights in Franchisee.

"**Transfer Fee**" shall have the meaning defined in Article 14.C.(11) of this Agreement. The Transfer Fee is a fixed sum of $10,000.

## ARTICLE 2
## GRANT OF FRANCHISE

### 2.A. GRANT OF FRANCHISE

Franchisee has requested that Franchisor grant to Franchisee the non-exclusive license and right to develop, own and operate an iSmash Center from a fixed Center Location located within a specified territory. Relying on the representations made by Franchisee and/or Franchisee's Owners in any submitted application and during the application process, and subject to the terms and conditions of this Agreement, Franchisee's request has been approved by Franchisor, subject to the following terms and conditions:

(1) During the Term of this Agreement and subject to the rights of Franchisor including, but not limited to, the Reserved Rights, Franchisor grants to Franchisee and Franchisee accepts, the non-exclusive license, right and obligation to develop and operate, one iSmash Center in conformity with the System and this Agreement from a single fixed Center location, selected by Franchisee but requiring the approval of Franchisor ("Franchisee's Center Location") and, as designated by Franchisor in Franchisor's discretion and Reasonable Business Judgment, within a Designated Territory. The iSmash Center type is identified on Schedule 1 of this Agreement;

(2) If, as of the Effective Date, Franchisee has selected a proposed Center Location that Franchisor approves as Franchisee's Center Location, then Franchisee's Center Location and Designated Territory, if any, shall be identified in Schedule 1 of this Agreement. To be effective, Schedule 1 must be completed and signed by Franchisor. Franchisee's execution of Schedule 1 with a specific location for Franchisee's Center Location shall constitute Franchisee's obligation to develop and operate the Franchised Business at the designated Franchisee Center Location;

(3) If, as of the Effective Date, Franchisee has not selected a proposed Center Location, and/or has not obtained Franchisor's approval of the proposed Center Location, and/or Schedule 1 to this Agreement is left incomplete or is not signed by Franchisor, Franchisee must locate, identify and secure a Center Location for the Franchised Business in accordance with the terms of this Agreement, including the requirement that Franchisee must obtain Franchisor's approval of Franchisee's Center Location. If, after the Effective Date, Franchisee proposes and Franchisor approves of Franchisee's proposed Center Location, such approval must be in writing and must be evidenced by Franchisor's execution of Schedule 1 with a specific Center Location designated and identified in Schedule 1. At the time of executing a completed Schedule 1 and, thereby, approving Franchisee's proposed Center Location, Franchisor, in Franchisor's discretion and Reasonable Business Judgment, shall designate and determine Franchisee's Designated Territory;

(4) If, as of the Effective Date or other appropriate periods after the Effective Date, Franchisee has not selected a proposed Center Location that is approved by Franchisor but, Franchisee has identified an area in which Franchisee may look to secure a Center location for the Franchised Business, Franchisor, in Franchisor's discretion and Reasonable Business Judgment, may enter into the Site Selection Acknowledgment attached to this Agreement as Exhibit 3. If executed by Franchisor, within the Exhibit 3 Site Selection Acknowledgment, Franchisor shall designate a geographic area (the "Site Selection Area") within which Franchisor, during the Site Selection Period, shall not, on behalf of any third party, approve any new Center Location. Franchisee agrees that the Site Selection Acknowledgment does not constitute Franchisor's approval of a proposed Center Location, does not constitute Franchisor's designation of Franchisee's Designated Territory, does not afford Franchisee any territorial rights in or to the Site Selection Area, and does not extend and/or modify any obligation on the part of Franchisee to timely secure an approved Center Location in accordance with the terms of this Agreement;

(5) At all times, Franchisee's rights in and to the real property and the business premises of Franchisee's Center Location shall be subordinate and subject to Franchisee's and Franchisee's landlord's agreement to and execution of the Center Location Lease Agreement Rider attached to this Agreement as Exhibit 4 and, Franchisee's agreement and execution of the Collateral Assignment of Lease attached to this Agreement as Exhibit 5;

(6) Franchisee may only offer and sell the Approved Services and Products from Franchisee's Center Location in accordance with the requirements set forth in the Operations Manual and only to customers on-site at Franchisee's Center Location;

(7) Franchisor, in Franchisor's Reasonable Business Judgment and for any reason or no reason at all, may prohibit Franchisee from soliciting customers located outside Franchisee's Designated Territory;

(8) Except as otherwise provided in this Agreement including, but not limited to, the Reserved Rights, provided that, at all times Franchisee is and remains in compliance with all of the terms of this Agreement, during the Term of this Agreement, neither Franchisor nor any affiliate of Franchisor will establish or operate, or grant a franchise to any third party to establish or operate, a Center using the Licensed Marks and System at a Center Location that is located within Franchisee's Designated Territory, provided, that a Designated Territory has been designated and approved by Franchisor in accordance with the terms of this Agreement, but excluding Closed Markets. Franchisee may face competition from other iSmash Centers and other System franchisees with Center locations and/or designated territories, including Centers that are located within Closed Markets and/or located adjacent to and/or within a close proximity to Franchisee's Center Location and/or Designated Territory. Franchisee agrees that although Franchisor may disapprove of any marketing medium that is distributed and/or reaches outside of Franchisee's Designated Territory, that Franchisor is not obligated to do so and that Franchisee may face competition from other iSmash Centers and System franchisees that market and promote their iSmash Center through internet, mail, public relations, and other marketing activities and mediums that are distributed to or within Franchisee's Designated Territory. Franchisee agrees that Franchisee shall not receive any compensation whatsoever if Franchisor or another System franchisee solicits customers from within Franchisee's Designated Territory; and

(9) The foregoing rights granted in this Article 2.A. are subject to and contingent upon each and every, term and condition of this Agreement, the rights of any prior user, and are non-exclusive and subordinate to the Reserved Rights.

**2.B. TERM**

Unless previously terminated pursuant to the terms of this Agreement, the term of this Agreement will be for a period of 10 consecutive years, commencing from the Effective Date (the "Term").

**2.C. GUARANTEES, CONFIDENTIALITY AND RESTRICTIVE COVENANTS**

If Franchisee is, at any time, a Corporate Entity, Franchisee agrees that each Owner shall execute, sign and deliver to Franchisor the Franchise Owner Agreement and Guaranty attached to this Agreement as Exhibit 1 and, in doing so, among other things, will individually, jointly, and severally, guarantee Franchisee's obligations under this Agreement and personally bind themselves to confidentiality and non-competition covenants and restrictions.

**2.D. RESERVATION OF RIGHTS**

Franchisor on behalf of itself, its affiliates and its assigns retains all rights, on any and all terms and conditions that Franchisor deems advisable and without any compensation or consideration to Franchisee

to engage in the following activities (the "Reserved Rights"): (a) operate and grant to others the right to operate a Franchised Business, iSmash Center and/or other Centers using the System and Licensed Marks at locations outside Franchisee's Designated Territory; (b) acquire or merge with or otherwise affiliate with one or more businesses of any kind, including businesses that are Competitive Businesses, and after such acquisition, merger or affiliation to own and operate and to franchise or license others to own and operate and to continue to own and operate such businesses, including Competitive Businesses (but not utilizing the Licensed Marks) within Franchisee's Designated Territory; (c) be acquired by or merge with or otherwise affiliate with one or more businesses of any kind, including businesses that are Competitive Businesses, even if such business or businesses presently or, in the future, own and operate and franchise or license others to own and operate such businesses, including Competitive Businesses (but not utilizing the Licensed Marks) within Franchisee's Designated Territory; (d) use the Licensed Marks and System to distribute the Approved Services and Products or products and services similar to the Approved Services and Products in Alternative Channels of Distribution within or outside Franchisee's Designated Territory; (e) operate and grant to others the right to operate an iSmash Center at Captive Markets, both within and outside Franchisee's Designated Territory; and (f) use the Licensed Marks and System and to license others to use the Licensed Marks and System to engage in all other activities not expressly prohibited by this Agreement.

### 2.E. MODIFICATION OF SYSTEM

Franchisor, in Franchisor's Reasonable Business Judgment, reserves the right at all times to supplement, modify, alter and/or amend the System. Franchisee shall promptly comply with all such modifications to the System whether such modification(s) results in the addition, subtraction, modification and/or enhancement to any and/or all components of the System. Franchisor shall provide Franchisee with a reasonable time period to comply with any change or modification to the System which shall be communicated in writing by Franchisor to Franchisee, including, but not limited to, modifications, updated, amendments, and changes made by Franchisor to the Operations Manual. Franchisor's modifications to the System shall not materially alter Franchisee's fundamental rights under this Agreement.

### 2.F. CORPORATE ENTITY OWNERSHIP

If Franchisee is a Corporate Entity, Franchisee represents that the information contained in Schedule 2 to this Agreement is and shall remain complete, true and accurate throughout the Term of this Agreement.

## ARTICLE 3
## CENTER LOCATION, DEVELOPMENT, AND OPERATIONS

### 3.A. CENTER LOCATION

Franchisee shall develop, operate and manage the Franchised Business from a Center Facility that is developed and established at a Center Location, that: (a) was identified and evaluated by Franchisee; (b) complies with the terms and conditions of this Agreement; (c) satisfies and meets Franchisor's standards and specifications; (d) is timely presented by Franchisee to Franchisor for approval as Franchisee's proposed Center Location; (e) is approved by Franchisor as Franchisee's Center Location; (f) is timely secured by Franchisee within 180 days of the Effective Date of this Agreement, as evidenced by a binding lease with a duration equal to the full Term of this Agreement, which we may provide a 60 day extension if you are diligently pursing securing your Center Location; (g) is and, at all times, shall be exclusively dedicated to the operation of the Franchised Business; (h) is located within the Designated Territory, if Franchisor previously designated and approved, in writing, a Designated Territory; and (i) otherwise meets the terms and conditions of this Agreement and Franchisor's standards and specifications.

Franchisee will not lease, purchase or otherwise acquire a proposed Center Location until such information as Franchisor may require as to the proposed Center Location has been provided to Franchisor by Franchisee and, Franchisor has approved the location in accordance with the terms and conditions of this Agreement

including, but not limited to, Article 2.A. of this Agreement. Franchisor shall respond to Franchisee's request for approval of a proposed Center Location within a reasonable time period but not exceeding 30 days following Franchisor's receipt, from Franchisee, of complete written information about Franchisee's proposed Center Location. If Franchisor rejects or disapproves Franchisee's proposed Center Location, Franchisee must nevertheless identify and obtain Franchisor's approval of a proposed Center Location within the time requirements set forth in this Agreement. Franchisor's disapproval of a proposed Center Location shall not serve as a basis to extend any deadline or requirement set forth in this Agreement.

Franchisor's approval of Franchisee's proposed Center Location is not and does not constitute a representation or warranty by Franchisor of any kind other than that Franchisor does not object to or disapprove of Franchisee's proposed Center Location. No provision of this Agreement shall be construed or interpreted to impose an obligation on Franchisor to locate a Center Location for the Franchised Business, to assist Franchisee in the selection of a suitable Center Location for the Franchised Business or to provide assistance to the Franchisee in the purchase or lease of a Center Location. If Franchisee leases Franchisee's Center Location, we will review the lease for the sole purposes of protecting our interests which may be aligned with your interests in signing the lease. We do not act as your legal counsel or representative in conducting this review and engaging the landlord in a negotiation. You must consult your own attorney for legal assistance with reviewing and negotiating the terms of your lease. You must use Franchisee's best efforts to ensure that the landlord signs the Lease Agreement Rider that is attached to this Agreement as Exhibit 4. If Franchisee's landlord refuses to sign the Lease Agreement Rider in substantially the same form as the attached Exhibit 4, such refusal may constitute grounds upon which Franchisor refuses to approve Franchisee's proposed Center Location or withdraws such approval.

### 3.B. CENTER DEVELOPMENT

Franchisee shall develop and construct Franchisee's Center Facility and Center Location in accordance with Franchisor's standards and specifications and using only those types of construction materials, decorating materials, furniture, fixtures, equipment, trade dress signs, suppliers, advisors and contractors that Franchisor has approved in the Operations Manual, in supplements to the Operations Manual or as Franchisor otherwise designates and approves of in a writing specifically directed to Franchisee and signed by Franchisor. We will provide you with assistance through our design team, construction team and site selection team.

Franchisee's Center Facility and Franchisee's Center Location must be constructed and established in accordance with Franchisor's plans and specifications. Promptly after signing a lease or closing on a purchase of the premises of Franchisee's Center Location, Franchisor shall provide Franchisee with Franchisor's generalized prototype plans and specifications. Prior to constructing, equipping and building out Franchisee's Center Facility and Franchisee's Center Location, Franchisee shall:

(1) Prepare and submit to Franchisor for approval, which approval, specific plans and specifications prepared by the design consultants designated or approved by Franchisor and hired by Franchisee, at Franchisee's sole expense, whereby such plans and specifications are prepared specifically for Franchisee's Center Facility and Franchisee's Center Location and shall reflect and comply with Franchisor's generalized plans and specifications and otherwise satisfy the specifications and requirements set forth in the Operations Manual. If Franchisor determines, in Franchisor's Reasonable Business Judgment, that any plans are not consistent with Franchisor's prototype plans and specifications, Franchisor may prohibit implementation of the plans and disapprove the plans;

(2) Obtain all required building, utility, sign, health, sanitation, and business permits and licenses, and any other required permits and licenses;

(3) Construct all required improvements to Franchisee's Center Location, purchase and install all required furniture, fixtures and equipment and decorate the premises in compliance with the plans and specifications approved in writing by Franchisor and all applicable ordinances, building codes, permit requirements and lease or deed requirements and restrictions;

(4) Provide Franchisor timely written reports regarding the process of construction and remodeling in compliance with Franchisor's then current specifications; and

(5) Establish filing, accounting, and inventory control systems, conforming to the requirements prescribed by Franchisor, if any.

At all times, in the construction and operation of the Franchised Business, Franchisee shall exclusively install, use, attach, maintain, replenish and replace only those types of construction and decorating materials, furniture, fixtures, equipment, and signs that Franchisor has approved or designated in the Operations Manual for iSmash Centers as meeting Franchisor's specifications and standards for appearance, function and performance. Franchisee only may purchase approved or designated types of construction and decorating materials, fixtures, equipment, furniture and signs from any supplier approved or designated by Franchisor, which may include Franchisor and Franchisor's affiliates.

**3.C. CENTER OPENING**

Franchisee must develop and open the Franchised Business to the public and, commence the day-to-day operations of the Franchised Business, on or before the Scheduled Business Commencement Date. We may provide an extension to this deadline so long as you have an executed lease agreement for your Center and you are diligently pursuing, to be determined in Franchisor's discretion. Notwithstanding the foregoing, Franchisee agrees that prior to opening the Franchised Business to the Public, Franchisee must, as determined by Franchisor: (a) be in compliance with the terms and conditions of this Agreement; (b) have satisfied the pre-opening obligations set forth by Franchisor in the Operations Manual; (c) have completed and satisfied the training obligations designated by Franchisor; and (d) obtained Franchisor's written consent to open.

**3.D. CENTER OPERATIONS**

At all times, the Franchised Business shall: (a) be exclusively operated from Franchisee's Center Location that has been approved by Franchisor; (b) be exclusively operated from a Center Facility; (c) exclusively offer and sell the Approved Services and Products as designated by Franchisor, in Franchisor's Reasonable Business Judgment, and as modified by Franchisor from time to time; (d) ensure that the Approved Services and Products are only offered and provided by Franchisee through employees and/or Owners that have, to Franchisor's satisfaction, completed the training requirements and Training Programs required by Franchisor, in Franchisor's Reasonable Business Judgment and as may be modified and supplemented by Franchisor from time to time; (e) exclusively utilize, maintain and stock in inventory the System Supplies in such quantities and as designated by Franchisor, in Franchisor's Reasonable Business Judgment, and as modified by Franchisor from time to time; (f) exclusively purchase the System Supplies from the suppliers and vendor(s) approved by Franchisor and designated by Franchisor, in Franchisor's Reasonable Business Judgment, and as modified by Franchisor from time to time; and (g) be operated in conformity with the Operations Manual as such Operations Manual exists as of the Effective Date of this Agreement and as the Operations Manual may be modified and supplemented from time to time in the future by Franchisor, in Franchisor's Reasonable Business Judgment. At all times Franchisee must maintain the necessary licenses and permits and those licenses and permits recommended and/or required by Franchisor in connection with Franchisee's ownership and operation of the Franchised Business.

Franchisee agrees that control over the nature, quality, branding and source of the System Supplies is critical to the System and that irrespective of the availability of substitute products, supplies, inventory, apparel

and/or accessories, Franchisee shall only utilize the System Supplies as designated by Franchisor and only from those suppliers approved by Franchisor. Franchisee agrees that in many instances Franchisor and/or Franchisor's affiliates may be or may become the exclusive supplier of System Supplies.

### 3.E. BUSINESS MANAGEMENT SYSTEM

At all times, Franchisee shall exclusively use the Business Management Systems designated by Franchisor, in Franchisor's Reasonable Business Judgment, and as may be modified, supplemented or replaced by Franchisor from time to time. Franchisee cannot substitute or replace the Business Management System in favor of any substitutes or other systems. To the extent that the Business Management System is hosted, maintained, licensed or operated by third party suppliers, Franchisee shall purchase, license and maintain such Business Management System and/or systems from such third party suppliers designated by Franchisor and subject to Franchisor's standards and specifications. To the extent that the designated Business Management Systems is/are internet or cloud-based with accounts and data, including accounts and data associated with the Franchised Business, stored off-site, Franchisor may require that Franchisee's license, and use of the Business Management System occur through accounts registered to Franchisor, controlled by Franchisor or licensed through Franchisor. To the extent that the Business Management System(s) is/are stored locally on computer systems maintained by Franchisee, then Franchisee shall provide Franchisor with internet and complete remote access to such systems. Franchisor may be and/or become the exclusive supplier and/or reseller of the Business Management System.

Franchisee shall be responsible for initial license fees, training fees and continuing monthly license fees required for use of the Business Management System as specified by Franchisor. Such fees shall be designated and determined by Franchisor, in Franchisor's Reasonable Business Judgment or by the suppliers designated by Franchisor and approved by Franchisor in Franchisor's Reasonable Business Judgment, and shall be paid to Franchisor and/or to the third party suppliers approved by Franchisor. Franchisee must complete training, purchase and license the Business Management Systems no later than 45 days prior to the earlier of the Actual Business Commencement Date or the Scheduled Business Commencement Date.

Supplementing the foregoing, Franchisee agrees that the Business Management System will contain proprietary and confidential information owned by Franchisor and related to the System, and that:

(1) Franchisee shall use the Business Management System and the Business Management System Data for the exclusive benefit of the Franchised Business and in accordance with the terms of this Agreement and Franchisor's standards and specifications as set forth in the Operations Manual;

(2) All rights in and to the Business Management System are non-transferable and non-assignable to Franchisee and shall be utilized by Franchisee subject to the terms and conditions of this Agreement, Business Management System licenses that Franchisor may approve of and otherwise as determined by Franchisor in Franchisor's Reasonable Business Judgment;

(3) As between Franchisee and Franchisor, Franchisor is and shall be the exclusive owner of the Business Management System Data, except that Franchisee shall store and maintain such data in accordance with all applicable local, state and federal privacy, data collection and solicitation laws. Among other things, upon expiration or termination of this Agreement for any reason, Franchisee shall preserve and maintain the Business Management System data for the purpose of transferring such data to Franchisor;

(4) At all times, Franchisee shall provide and permit Franchisor to maintain direct and independent access to the Business Management System and Franchisee shall electronically transfer and transmit to Franchisor all Business Management System Data;

(5) When instructed by Franchisor, Franchisee shall upgrade, replace and modify the Business Management System;

(6) Franchisee shall promptly disclose to Franchisor all ideas and suggestions for modifications or enhancements to the Business Management System, to the configuration and templates associated with the Business Management System and that Franchisor shall have the right to use such ideas and suggestions and that Franchisee shall not receive or obtain any ownership rights or interests in any modifications or enhancements to the Business Management Software;

(7) Other than permitting access to employees of the Franchised Business for the purpose of conducting the authorized operations of the Franchised Business, Franchisee shall not permit nor allow any third party to access, utilize or duplicate the Business Management System or the Business Management System Data without Franchisor's prior written consent;

(8) Franchisee shall keep and maintain the Business Management System and the Business Management System Data as secret and confidential and Franchisee shall maintain security precautions to maintain the confidentiality and secrecy of the Business Management System Data and to prevent the unauthorized access or use; and

(9) In no event shall Franchisor be liable to Franchisee for any damages, including any lost profits, lost savings, or other incidental or consequential damages, relating to Franchisee's use or, Franchisee's inability to use, the Business Management System even if Franchisor has been advised of the possibility of such damages, or for any claim by any other party including the software manufacturer. The foregoing limitations of liability are intended to apply without regard to whether other provisions of the Agreement have been breached or proven ineffective.

**3.F. DIGITAL MEDIA, SYSTEM WEBSITE AND TELEPHONE NUMBERS**

Franchisee agrees the significance of Digital Media to the System and necessity for Franchisor's control over Digital Media. As between Franchisor and Franchisee, Franchisor is the absolute owner of the Digital Media. Franchisee shall not use, access or open accounts regarding or related to Digital Media unless expressly approved by Franchisor in writing which approval Franchisor may withhold, condition or limit as determined by Franchisor in Franchisor's Reasonable Business Judgment and which approval, if given, shall be limited to the marketing and promotion of the Franchised Business in accordance with Franchisor's standards and specifications. Upon expiration or termination of this Agreement for any reason, any prior authorization by Franchisor as to Franchisee's right to use the Digital Media and/or otherwise as to any rights of Franchisee in or to the Digital Media shall be automatically terminate and, at Franchisor's election, the right to any and all accounts and/or sites (if any) associated with Digital Media utilized by Franchisee shall be transferred to Franchisor. Under no circumstance shall Franchisee utilize the Digital Media for purposes of or with the effect of libeling or disparaging another nor shall Franchisee violate any copyrights – as to such actions as between Franchisee and any third party, Franchisee is exclusively responsible for disparagement, libel and/or copyright infringement if Franchisee published and/or caused such content to be published.

Franchisee agrees that Digital Media must be approved by Franchisor prior to publication or use in any form. Digital Media and Published Content that is approved by Franchisor or that otherwise is acceptable to Franchisor as meeting Franchisor's standards shall be owned by Franchisor. As between Franchisor and Franchisee, any and all interest and right in or to the Digital Media and/or Published Content shall, at all times, be and is the exclusive property of Franchisor both during the Term of this Agreement and upon the expiration or termination of this Agreement. Franchisee agrees that the System Website and all improvements and modifications made to the System Website, Digital Media, and Published Content is and

shall be the exclusive property of Franchisor. During the Term of this Agreement and subject to Franchisee's compliance with the terms and conditions of this Agreement, the System Website, shall include information related to the Franchised Business as shall be determined and designated by Franchisor in Franchisor's Reasonable Judgment.

In the event of the termination of this Agreement, for any reason, that the accounts related to all telephone numbers associated with the Franchised Business and all rights in and to the telephone numbers associated with the Franchised Business, shall, at Franchisor's election, be transferred to Franchisor.

Without limitation to the foregoing, Franchisee shall, upon the request of Franchisor, execute and deliver to Franchisor the Assignment of Telephone Numbers and Digital Media Accounts attached to this Agreement as Exhibit 6. Upon the request of Franchisor, Franchisee shall execute, update, and/or re-execute the Assignment of Telephone Numbers and Digital Media agreement upon the request of Franchisor. As between Franchisor and all third parties, Franchisee does hereby represent and acknowledge that such third party is authorized to rely on the Assignment of Telephone Numbers and Digital Media agreement, irrespective of any dispute and/or controversy between Franchisor and Franchisee and irrespective of any contrary instructions of Franchisee.

### 3.G. CENTER RELOCATION

To the extent that Franchisee wishes to relocate the Franchised Business and, thereby, Franchisee's Center Location and Franchisee's Center Facility, Franchisee must obtain Franchisor's prior written consent, which Franchisor may refuse in Franchisor's Reasonable Business Judgment. Franchisee agrees that if Franchisor does consent to the relocation of the Franchised Business, that Franchisor may condition Franchisor's consent to Franchisee's relocation request on requirements imposed by Franchisor which may include, among other things: (a) that the proposed Center Location meet and satisfy Franchisor's then current standards for Center Locations; (b) that the proposed Center Facility meet and satisfy Franchisor's then current standards for Center Facilities; (c) that the proposed Center Facility be constructed and established in accordance with Franchisor's current standards and specifications; (d) that the proposed Center Location be located within Franchisee's Designated Territory; (e) that the proposed Center Location (even if it is located within the Designated Territory) not be within a close proximity to the Designated Territory and/or Center Location of another iSmash Center; and (f) that, as to the proposed Center Facility and proposed Center Location, Franchisee satisfy the terms and conditions set forth in this Agreement for Center Facilities, and Center Locations including, but not limited to, the requirements set forth in Articles 2.A. and 3.B. of this Agreement. Franchisee agrees that Franchisor possesses sole discretion as to whether or not Franchisor approves of Franchisee's relocation request.

## ARTICLE 4
## TRAINING AND OPERATING ASSISTANCE

### 4.A. INITIAL TRAINING, SUPPLEMENTAL TRAINING AND SYSTEM-WIDE TRAINING

(1) Within 45 days of the earlier of the Scheduled Business Commencement Date or the Actual Business Commencement Date, Franchisee's Managing Owner and one manager must complete, to Franchisor's satisfaction, Franchisor's initial training program (the "Training Program"). Franchisor will provide Franchisee, comprised of Franchisee's Managing Owner, and one designated manager, with Franchisor's Training Program. If Franchisee would like more than two individuals to attend the initial Training Program, subject to Franchisor's approval, Franchisee shall pay to Franchisor an additional fee of $300 per additional person attending Initial Training (the "Additional Initial Training Fee"). Additional Initial Training Fees shall be pre-paid in advance of training and upon submission of invoice by Franchisor to Franchisee.

Prior to opening and commencing the operations of the Franchised Business, the Managing Owner and other personnel as designated or determined by Franchisor, must attend and successfully complete the Training Program designated by Franchisor. The training may include classroom and on-the-job instruction at a location or facility designated by Franchisor, and/or, at the election of Franchisor and as determined by Franchisor, in Franchisor's Reasonable Business Judgment, may be conducted remotely through online web based conferencing. We will also send a representative to visit your Center at least once during your grand opening. Following completion of the Training Program, Franchisee shall be responsible for the ongoing training of Franchisee's employees, staff and all other employees of the Franchised Business. Said on-going training must conform to Franchisors standards and specifications. The Training Program shall be structured, configured and established by Franchisor from time to time. The Training Program may be structured so that it is offered and completed by Franchisee in various phases.

(2) Franchisee or, if Franchisee is a Corporate Entity, Franchisee's Managing Owner and Manager, at Franchisee's sole cost and expense, must attend and successfully complete all refresher training courses or system-wide training courses, additional training programs and seminars as Franchisor periodically may designate or offer in Franchisor's Reasonable Business Judgment. Franchisor provides instructors and training materials for those programs and seminars, but Franchisor reserves the right to assess Franchisee reasonable charges for such training. Franchisee is responsible for all expenses Franchisee and Franchisee's employee incurs in connection with attendance and participation in these programs and seminars, including, without limitation, the cost of transportation, lodging, meals and any salaries and other wages.

(3) Franchisee shall pay all costs and expenses incurred by Franchisee and, those attending training on behalf of Franchisee, in connection with Franchisee's participation in all Training Programs and, satisfaction of Franchisee's Training Program obligations as designated by Franchisor.

(4) Subject to Franchisor's approval and agreement, Franchisor may offer supplemental training to Franchisee at Franchisee's Center Location or, as elected by Franchisor, remotely through online web based conferencing (hereinafter referred to as "Supplemental Training"). Franchisor, in Franchisors Reasonable Business Judgment, reserves the right to reject or approve of any request by Franchisee for Supplemental Training. If Franchisor does agree to offer and provide Supplemental Training, Franchisee shall pay to Franchisor a supplemental training fee at the rate of $300 per trainer per day plus, if applicable, reimbursement of travel and hotel accommodation expenses incurred by Franchisor (the "Supplemental Training Fee"). Franchisee agrees that in each instance where Franchisee hires a new Operating Manager, and/or Franchisor, in Franchisor's Reasonable Business Judgment, determines that Franchisee is not satisfying and/or meeting Franchisor's operational standards, then, Franchisor may require that Franchisee, and/or, as applicable, Franchisee's Operating Manager participate in and, successfully complete, Supplemental Training pay the Supplemental Training Fees designated by Franchisor. Supplemental Training Fees shall be pre-paid in advance of training and upon submission of invoice by Franchisor to Franchisee.

(5) Franchisor, in Franchisor's Reasonable Business Judgment must approve of all individuals attending and participating in the Training Program and all Supplemental Training programs. All participants in the Training Program must qualify as either an Owner or Operating Manager and, prior to training, among other things, must have executed the Franchise Owner Agreement and Guaranty or the Confidentiality Agreement, respectively.

## 4.B. OPERATING ASSISTANCE

From time to time and as determined by Franchisor, in Franchisor's Reasonable Business Judgment, Franchisor shall advise Franchisee of those applicable standards, procedures and System requirements concerning the Franchised Business. Operating assistance may, as determined by Franchisor, in Franchisor's sole discretion, consist of:

(1) Establishing and communicating systems and procedures related to the development and operation of the Franchised Business;

(2) Establishing and communicating Approved Services and Products and, as applicable and as determined by Franchisor, modifications, if any, to the Approved Services and Products including, but not limited to, additions, deletions, and/or changes to the Approved Services and Products;

(3) Designating and communicating System Supplies and, as applicable and as determined by Franchisor, modifications, if any, to the System Supplies including, but not limited to, additions, deletions, and/or changes to the System Supplies;

(4) Designating and communicating approved and designated suppliers of the Franchised Business and, as applicable and as determined by Franchisor, modifications, if any, to approved and designated suppliers including, but not limited to, additions, deletions, and/or changes to the approved and designated suppliers;

(5) Establishing and communicating marketing and brand standards related to the promotion of the Franchised Business;

(6) Approving or disapproving of Franchisee requests related to marketing materials and Digital Media that may be used to market the Franchised Business; and

(7) Establishing and communicating System standards and requirements in the form of the Operations Manual and, as Franchisor, in Franchisor's sole discretion.

## 4.C. OPERATIONS MANUAL

Franchisor shall Franchisee with access to the Operations Manual. The Operations Manual contains, as designated and determined by Franchisor, mandatory and, as applicable, suggested specifications, standards and operating procedures that Franchisor prescribes for iSmash Centers. Franchisee shall operate the Franchised Business in strict accordance with the standards, specifications, and requirements set forth in the Operations Manual as, such standards, specifications, and requirements including, but not limited to, the Approved Services and Products, System Supplies, and, authorized and designated suppliers, as of the Effective Date of this Agreement, and, as they may be supplemented, modified, changed, and/or replaced in the future and, from time to time, by Franchisor, in Franchisor's Reasonable Business Judgment. Franchisee shall keep and maintain the confidentiality of the Operations Manual and, shall keep and maintain all files, data and information contained in the Operations Manual in a secure location and/or in a protected confidential state and, as otherwise directed by Franchisor. The master copy and official version of the Operations Manual is and shall be the copy and/or version maintained and designated by Franchisor in Franchisor's ordinary course of business.

Franchisor shall provide Franchisee with reasonable notice of modifications and changes made to the Operations Manual and, such notice may take form of electronic communications including emails and, if the Operations Manual is maintained on an online web based platform, notifications within said platform. Franchisor shall provide Franchisee with a reasonable period of time, as determined by Franchisor, in Franchisor's Reasonable Business Judgment, to implement change and modifications to the as set forth in

the Operations Manual. Without limitation to the foregoing, Franchisee may only offer and sell the Approved Services and Products and utilize the System Supplies as designated by Franchisor, in Franchisor's Reasonable Business Judgment, in the Operations Manual and, in accordance with the terms, specifications and requirements set forth in the Operations Manual and as Franchisor may supplement and modify the Operations Manual from time to time or, as Franchisor may otherwise designate in writing.

## ARTICLE 5
## FEES

### 5.A. INITIAL FRANCHISE FEE

Upon execution of this Agreement Franchisee shall pay to Franchisor a non-recurring initial franchisee fee $59,950 (the "Initial Franchise Fee"). The Initial Franchise Fee is fully earned by Franchisor upon execution of this Agreement and is not refundable.

### 5.B. ROYALTY FEES

Throughout the Term of this Agreement, Franchisee shall pay to Franchisor a continuing weekly non-refundable royalty fee (the "Royalty Fee") in an amount equal to 6% (the "Royalty Rate") of Franchisee's weekly Gross Sales. The Royalty Fee shall be calculated and, at the election of Franchisor and as shall be determined by Franchisor, shall be payable to Franchisor, either: (a) instantly and continuously, on a per transaction / per receipt basis on each and every dollar of Gross Sales related to the Franchised Business that is received and/or processed by Franchisor, Franchisor's affiliates, Franchisor approved and designated third party vendors, and/or by Franchisee; or (b) a weekly basis for each respective weekly Accounting Period. During any Renewal Term, the Royalty Fee shall be determined by Franchisor but shall not be less than the Royalty Fee and Royalty Rate set forth in this Agreement. If any federal, state or local tax or withholding obligation, other than an income tax, is imposed on the Royalty Fee paid by Franchisee to Franchisor that, Franchisor cannot directly and, dollar of dollar, offset against taxes required to be paid by Franchisor under any applicable federal or state laws, then Franchisee must compensate Franchisor in amounts that offset the tax / withholding obligations.

On-Going Obligation: The Royalty Fee is an on-going obligation due from Franchisee to Franchisor, is payable in United States Dollars and, as designated by Franchisor, is to be calculated and paid weekly (unless another recurring Accounting Period is designated by Franchisor) on the Gross Sales for the previous weekly Accounting Period for each and every week throughout the Term of this Agreement and any applicable renewal term.

Payment and Due Date: Royalty Fee payments will be paid weekly and sent by ACH, electronic funds transfer, or as otherwise designated by Franchisor and shall be due on the Thursday of each weekly Accounting Period (for the preceding week and each week thereafter throughout the entire Term of this Agreement) or such other specific day of the week that Franchisor designates from time to time or for such other period that Franchisor may designate (the "Due Date")(the term Due Date is further defined in Article 1 of this Agreement).

Tax Obligations: If any federal, state or local tax, other than an income tax, is imposed on the Royalty Fee paid by Franchisee to Franchisor that, Franchisor cannot directly and, dollar of dollar, offset against taxes required to be paid by Franchisor under any applicable federal or state laws, Franchisee must compensate Franchisor in the manner prescribed by Franchisor so that the net amount or net rate received by Franchisor for the Royalty Fee is not less than that which has been established by this Agreement and which was due to Franchisor on the effective date of this Agreement.

Payment Authorization: Upon the request of Franchisor and in no event not later than 30 days prior to the earlier of the Actual Business Commencement Date or the Scheduled Business Commencement Date,

Franchisee shall execute Franchisor's designated ACH Authorization Form and such other authorization agreements, in the form proscribed by Franchisor and permitting Franchisor's direct withdrawal and/or electronic transfer of sums from Franchisee's designated business bank account, for the on-going payment of Royalty Fees, and other fees and sums due from Franchisee under this Agreement. As of the Effective Date, Franchisor's current ACH Authorization Form that must be executed and complied with by Franchisee is attached to this Agreement as Exhibit 7. Franchisor may require Franchisee to pay the Royalty Fees and other amounts due under this Agreement by means other than ACH and/or automatic debit whenever Franchisor deems appropriate, and Franchisee agrees to comply with Franchisor's payment instructions.

Royalty and Activity Reports: On the Due Date each week, Franchisee shall report, transmit, confirm, and/or otherwise make available to Franchisor, as designated by Franchisor, a Royalty and Activity Reports containing information as designated by Franchisor and relating to the Gross Sales, financial performance, and operations of the Franchised Business for the preceding weekly Accounting Period (the "Royalty and Activity Report"). Franchisor shall have the right to verify such royalty payments from time to time, as it deems necessary in any reasonable manner.

**5.C. OTHER FEES**

As designated by Franchisor in this Agreement, the Operations Manual, or otherwise, Franchisee shall pay to Franchisor and/or as otherwise directed by Franchisor, each of the following additional fees:

(1) Technology Fee – Throughout the Term of this Agreement, Franchisee shall pay to Franchisor a continuing monthly non-refundable technology fee (the "Technology Fee"). Franchisor, in Franchisor's Reasonable Business Judgment, possesses the right, at any and all times throughout the Term of this Agreement, to implement and charge Franchisee a monthly Technology Fee in an amount designated by Franchisor but provided that such monthly fee does not exceed $500 per month. The Technology Fee is a general administrative fee and is not connected to any particular service. The Technology Fee shall be paid to Franchisor each and every month on the Due Date, and, as applicable and, at Franchisor's election, may be pre-deducted by Franchisor from Gross Sales.

(2) Brand Development Fund Fee – Franchisee shall pay to Franchisor, Franchisor's affiliates, or Franchisor's designees the Brand Development Fund Fee as set forth in Article 9.A. of this Agreement. The Brand Development Fund Fee, as applicable and, at Franchisor's election, may be pre-deducted by Franchisor from Gross Sales.

(3) Digital Marketing Program – In addition to the Local Marketing requirement, Franchisee shall pay to Franchisor, Franchisor's affiliates, or Franchisor's designees on-going weekly, monthly, and/or per use fees related to the digital marketing program as required under the Operations Manual. The digital marketing program fee varies depending on the services provided but is currently $800 per month. We have a right to revise this fee upon reasonable notice to Franchisee but we will not increase the monthly amount to more than $1,250.

(4) Point of Sale System Fee – Franchisee shall pay to Franchisor, Franchisor's affiliates, or Franchisor's designees on-going instantly, weekly, monthly, and/or per use point of sale system fee throughout the Term of this Agreement respecting Franchisee's license and use of the point of sale system as designated and specified by Franchisor, in Franchisor's Reasonable Business Judgment.

(5) Online Ordering, Customer Rewards, and Gift Card System Fees – Franchisee shall pay to Franchisor, Franchisor's affiliates, or Franchisor's designees on-going weekly, monthly, and/or per use fees related to licensing and utilizing the technology systems and platforms used for facilitating,

managing, and integrating online ordering, customer rewards and/or gift card processing as designated and specified by Franchisor, in Franchisor's Reasonable Business Judgment.

(6) Quality Assurance Audit Fees – Franchisee shall pay to Franchisor, Franchisor's affiliates, or Franchisor's designees on-going weekly, monthly, and/or per use fees related to quality assurance programs designated by Franchisor related to periodic inspections of Franchisee's Centers and secret shopper evaluations.

(7) Annual Conference Fees – Franchisee shall be responsible for all expenses of its personnel attending the Annual System Conference including travel, meals and lodging. Franchisee shall be required to pay to Franchisor an Annual Conference Attendance Fee. **Franchisee agrees that if Franchisee fails to attend the Annual System Conference that Franchisor shall, nevertheless, charge and Franchisee shall pay the Annual Conference Attendance Fee – even if Franchisor waives such fee for franchisees who attend the Annual System Conference**. The Annual Conference Fee, as applicable and, at Franchisor's election, may be pre-deducted by Franchisor from Gross Sales.

(8) Opening Inventory Package – You must purchase your opening inventory of certain System Supplies, including consumable inventory, equipment, apparel, tools, supplies, uniforms, gift cards, smashing tools, and smashable inventory, from us (the "Opening Inventory Package"). We estimate that your initial investment for the Opening Inventory Package will range between $9,779 to $17,329. The Opening Inventory Package will be fully earned by us upon payment and is non-refundable.

(9) All Other Fees and Obligations Set Forth in this Agreement – Franchisee shall pay to Franchisor, Franchisor's affiliates, or Franchisor's designees all other fees, charges, and/or expenses set forth in this Agreement and in accordance with the terms of this Agreement. If no particular due date is stated in this Agreement then such date or dates shall be determined by Franchisor in Franchisor's Reasonable Business Judgment. The foregoing fees, as applicable and, at Franchisor's election, may be pre-deducted by Franchisor from Gross Sales.

### 5.D. PAYMENT NON-COMPLIANCE FEES AND CHARGES

In addition to all other rights afforded to Franchisor under this Agreement, in connection with each and every fee, charge, and/or obligation payable and due from Franchisee to Franchisor under the terms of this Agreement including, but not limited to, this Article 5, within 14 days of Franchisor's invoice, Franchisee shall pay to Franchisor: (a) a payment non-compliance fee in the amount of $150 (the "Payment Non-Compliance Fee") for each and every instance where a fee, charge, and/or obligation payable to Franchisor under this Agreement is not paid in full when due; plus (b) Interest on all unpaid fees, sums, and/or obligations payable and due from Franchisee to Franchisor at an interest rate equal to the lesser of either 18% per annum, or the maximum interest rate allowed by applicable law and with interest accruing on the date when such fee, sum, or obligation was due; plus (c) all costs incurred by Franchisor in the collection of such unpaid and past due obligations including, but not limited to, reasonable attorney's fees, costs, and expenses. Additionally, if Franchisee's bank account possesses insufficient funds and/or fails to process a payment related to any fee due to Franchisor, Franchisor may charge the greater of either (i) 5% of the amount; (ii) $50 for each instance; or (iii) the maximum amount allowed by law. The foregoing does not constitute Franchisor's agreement to accept payments after they are due or a commitment by Franchisor to extend credit to, or otherwise finance Franchisee's operation of the Franchised Business. Nothing contained in this Article 5.D. shall be interpreted as interfering with and/or negating Franchisor's rights and remedies as set forth in Article 16 and, as otherwise set forth in this Agreement. All rights and remedies of Franchisor are cumulative and shall be interpreted as cumulative to one another. The foregoing fees, as applicable and, at Franchisor's election, may be pre-deducted by Franchisor from Gross Sales.

### 5.E. APPLICATION OF PAYMENTS

Franchisor has sole discretion to apply any payments received from Franchisee or to offset any indebtedness of Franchisee to Franchisor to any past due indebtedness of Franchisee for Royalty Fees, Advertising Contributions, purchases from Franchisor or its affiliates, interest or any other indebtedness of Franchisee to Franchisor or its affiliates.

### 5.F. WITHHOLDING PAYMENTS UNLAWFUL

Franchisee agrees that under no circumstance is Franchisee entitled to withhold payments due to Franchisor under this Agreement. Among other things and without limitation to the foregoing, Franchisee expressly agrees that any claim by Franchisee as to the alleged non-performance of Franchisor's obligations shall not permit and/or entitle Franchisee to withhold payments due Franchisor under this Agreement.

## ARTICLE 6
## RESTRICTIVE COVENANTS AND OBLIGATIONS

### 6.A. NECESSITY FOR RESTRICTIVE COVENANTS

Franchisee agrees that only through the course of entering into this Agreement is Franchisee being provided with access to the System, Franchisor's training, use of the Licensed Marks and, access to the Operations Manual and Confidential Information. Franchisee agrees that competition by Franchisee, and Owners could jeopardize the entire System and cause irreparable harm to Franchisor and franchisees of iSmash Centers. Accordingly, Franchisee and Franchisee's Owners agree to comply with the restrictive covenants set forth in this Article 6 and throughout this Agreement.

### 6.B. RESTRICTIVE COVENANTS: KNOW-HOW

Franchisee agrees that, at all times, both during the Term of this Agreement and, after its expiration or termination, Franchisee: (a) shall not use the Know-How in any business or capacity other than the operation of the Franchised Business pursuant to this Agreement and as instructed by Franchisor; (b) shall maintain the confidentiality of the Know-How at all times; (c) shall not make unauthorized copies of documents containing any Know-How; (d) shall take all reasonable steps that Franchisor requires from time to time to prevent unauthorized use or disclosure of the Know-How; and (e) shall stop using the Know-How immediately upon the expiration, termination or Transfer of this Agreement. Franchisee agrees that the foregoing covenants and obligations shall also apply to: (a) Franchisee's Owners and Franchisee's Owners shall each execute and deliver to Franchisor the Franchise Owner Agreement and Guaranty in the form attached to this Agreement as Exhibit 1; and (b) Franchisee's directors, officers, employees and agents where disclosure of the Know-How was necessary for the operations of the Franchised Business and where such director, officer, employee and/or agent previously executed and timely delivered to Franchisor the Confidentiality Agreement in the form attached as Exhibit 2.

### 6.C. RESTRICTIVE COVENANTS: CONFIDENTIAL INFORMATION

Franchisee agrees that, at all times, both during the Term of this Agreement and, after its expiration or termination, Franchisee: (a) shall not use the Confidential Information in any business or capacity other than the iSmash Center operated by Franchisee; (b) shall maintain the confidentiality of the Confidential Information at all times; (c) shall not make unauthorized copies of documents containing any Confidential Information; (d) shall take such reasonable steps as Franchisor may ask of Franchisee from time to time to prevent unauthorized use or disclosure of the Confidential Information; and (e) shall stop using the Confidential Information immediately upon the expiration, termination or Transfer of this Agreement. Franchisee agrees that the foregoing covenants and obligations shall also apply to: (a) Franchisee's Owners and that Franchisee's Owners shall each execute and deliver to Franchisor the Franchise Owner Agreement and Guaranty in the form attached to this Agreement as Exhibit 1; and (b) Franchisee's directors, officers,

employees and agents where disclosure of the Confidential Information was necessary for the operations of the Franchised Business and where such director, officer, employee and/or agent previously executed and timely delivered to Franchisor the Confidentiality Agreement in the form attached as Exhibit 2.

**6.D. RESTRICTIVE COVENANTS: UNFAIR COMPETITION AND IN-TERM NON-COMPETITION OBLIGATIONS**

Franchisee agrees that during the Term of this Agreement, Franchisee shall not engage in the following activities (the "Prohibited Activities"): (a) owning and/or having any legal or equitable interest whether, as an individual proprietor, owner, partner, member or shareholder of a Corporate Entity, or, in any similar capacity, in a Competitive Business other than, owning an interest of 3% or less in a publicly traded company that is a Competitive Business; (b) operating, managing, funding and/or performing services whether, as an employee, officer, director, manager, consultant, representative, agent, and/or creditor or, in any similar capacity, for or benefitting a Competitive Business; (c) diverting or attempting to divert any business or customers from Franchisor or, one of Franchisor's affiliates or franchisees; (d) inducing any customer or client of Franchisor, Franchisor's affiliates, franchisees of the System, or, of Franchisee, to any other person or business that is not an iSmash Center; and/or (e) engaging in any actions, inactions, and/or activities in violation of Articles 6.B. and/or 6.C. of this Agreement (all, individually and, collectively, referred to as the "Prohibited Activities"). Franchisee agrees that if Franchisee were to engage in the Prohibited Activities that such actions would be unfair, would constitute unfair competition and, would cause harm to Franchisor, the System and other iSmash Center franchisees. Franchisee agrees that the foregoing covenants and obligations shall also apply to Franchisee's Owners and that Franchisee's Owners shall each execute and deliver to Franchisor the Franchise Owner Agreement and Guaranty in the form attached to this Agreement as Exhibit 1.

**6.E. RESTRICTIVE COVENANTS: UNFAIR COMPETITION AND POST-TERMINATION NON-COMPETITION OBLIGATIONS**

Franchisee agrees that during the Post-Term Restricted Period, Franchisee shall not engage in any Prohibited Activities provided, however, that the Prohibited Activities relating to Franchisee's having an interest in a Competitive Business will only apply with respect to a Competitive Business that is located within a Restricted Territory. If Franchisee is engaged in any Prohibited Activities during the Post-Term Restricted Period, Franchisee agrees that Franchisee's Post-Term Restricted Period will be extended by the period of time during which Franchisee was engaging in the Prohibited Activity and, any such extension of time will not be construed as a waiver of Franchisee's breach or otherwise impair any of Franchisor's rights or remedies relating to Franchisee's breach. Franchisee agrees that the foregoing covenants and restrictions shall also apply to Franchisee's Owners and that Franchisee's Owners shall each execute and deliver to Franchisor the Franchise Owner Agreement and Guaranty in the form attached to this Agreement as Exhibit 1. Franchisee agrees that the covenants and restrictions set forth in this Article 6.E. and, otherwise in this Article 6, are fair and reasonable and, that if Franchisee engaged in any Prohibited Activity that such actions would constitute acts of unfair competition, causing irreparable harm to Franchisor and the System.

**6.F. REASONABLENESS OF RESTRICTIVE COVENANTS AND OBLIGATIONS**

Franchisee agrees that: (a) the terms of this Article 6 are reasonable both in time and in scope of geographic area; and (b) Franchisee has sufficient resources and business experience and opportunities to earn an adequate living while complying with the terms of this Article 6. **Franchisee hereby waives any right to challenge the terms of this Article 6 as being overly broad, unreasonable or otherwise unenforceable.** Although Franchisee and Franchisor both believe that the restrictive covenants and obligations of this Article 6 to be reasonable in terms of scope, duration and geographic area, Franchisor may at any time unilaterally modify the terms of this Article 6 (provided that such modification is in writing and signed by Franchisor) by limiting the scope of the Prohibited Activities, narrowing the definition of a Competitive Business, shortening the duration of the Post-Term Restricted Period, reducing the geographic scope of the Restricted Territory and/or reducing the scope of any other covenant imposed upon Franchisee under this

Article 6 to ensure that the terms and covenants are enforceable under applicable law.

### 6.G. BREACH OF RESTRICTIVE COVENANTS AND OBLIGATIONS

Franchisee agrees that Franchisee's failure and/or Franchisee's Owner(s) failure to comply with the restrictive covenants and obligations set forth in this Article 6 will cause irreparable harm to Franchisor and/or other iSmash Center franchisees for which there is no adequate remedy at law. Franchisee agrees that any violation of these Article 6 covenants and obligations by either Franchisee and/or any Owner(s) will entitle Franchisor to injunctive relief. Franchisee agrees that Franchisor may apply for such injunctive relief, without bond, but upon due notice, in addition to such further and other relief as may be available at equity or law, and the sole remedy of Franchisee, in the event of the entry of such injunction, will be the dissolution of such injunction, if warranted, upon hearing duly held (all claims for damages by reason of the wrongful issuance of any such injunction being expressly waived hereby). If a court requires the filing of a bond notwithstanding the preceding sentence, the Franchisee and Franchisor agree that the amount of the bond shall not exceed $1,000. Franchisor's remedies under this Article 6.H. are not exclusive of any other, but may be combined with others under this Agreement, or at law or in equity, including injunctive relief, specific performance and recovery of monetary damages.

### 6.H. OWNERSHIP OF INNOVATIONS, IMPROVEMENTS, AND INFORMATION

Franchisee agrees that with regard to the Franchised Business all customer lists and their contents and information represent Confidential Information and constitute an asset of Franchisor whether or not such information was supplied by Franchisor. During the Term of this Agreement and in connection with the development, establishment, marketing, promotion and operation of the Franchised Business, Franchisee shall disclose to Franchisor all of Franchisee's ideas, concepts, methods and products conceived or developed by Franchisee and Franchisee's affiliates, Owners, agents, and employees relating to the development and operation of iSmash Centers. Franchisee hereby assigns to Franchisor and Franchisee agrees to procure from Franchisee's Owners, affiliates and employees assignment of any such ideas, concepts, methods, and products that Franchisee is required to disclose to Franchisor under this Article 6.H. Franchisor shall have no obligation to make any lump sum or on-going payments to Franchisee or Franchisee's Owners, affiliates or employees with respect to any such idea, concept, method, technique or product. Franchisee agrees that Franchisee will not use nor will Franchisee allow any other person or entity to use any such concept, method or product without obtaining Franchisor's prior written approval.

## ARTICLE 7
## OPERATING STANDARDS

### 7.A. OPERATIONS, MAINTENANCE, AND APPEARANCE

At all times, Franchisee and the Franchised Business shall: (a) exclusively offer and sell the Approved Services and Products as designated by Franchisor in the Operations Manual and/or as otherwise designated by Franchisor in writing and as may be modified by Franchisor from time to time; (b) exclusively operate the Center in accordance with the standards, specifications, and operational requirements as designated by Franchisor in this Agreement, the Operations Manual, and/or as otherwise designated by Franchisor in writing and as may be modified by Franchisor from time to time; (c) exclusively purchase and use the System Supplies as designated by Franchisor in the Operations Manual and as may be modified by Franchisor from time to time; (d) maintain a complete and updated inventory and supply of System Supplies as designated by Franchisor in the Operations Manual and as may be modified by Franchisor from time to time; (e) maintain Franchisee's Center Facility in a clean, sanitary, functional and well maintained condition and in compliance with all federal, state, and local laws, rules, regulations, and ordinances; (f) maintain, update and recondition Franchisee's Center Facility as designated by Franchisor in the Operations Manual and/or as otherwise designated by Franchisor in writing and, as may be modified by Franchisor from time to time; and (g) take all requested corrective measures and actions designated and/or requested, in writing,

by Franchisor and/or Franchisor's agents following on-site inspections, reviews, and/or assessments, including secret shopper programs and other announced or unannounced.

### 7.B. UPDATING AND UPGRADING

Upon written request of Franchisor, Franchisee must add to, improve, modify and remodel Franchisee's Center, Center Facility, Center equipment, Center fixtures and/or Center furniture to comply with and satisfy Franchisor's then current standards and specifications as designated and determined by Franchisor, in Franchisor's Reasonable Business Judgment. Franchisee agrees to make such improvements or modifications when changes to Franchisor's standards, specifications, and operational requirements are made applicable to Franchisee's Center and, upon not less than 30 days written notice to Franchisee.

### 7.C. FRANCHISOR ENTRY FOR UPDATES, UPGRADES, AND APPEARANCE REQUIREMENTS

If Franchisee fails or refuses to initiate within 30 days after Franchisor's request, and/or fails to continue in good faith and with due diligence, any required improvement, modification, refurbishment, renovation, and/or remodel of Franchisee's Center, then Franchisor has the right, but is not obligated, to enter upon Franchisee's Center Facility and Franchisee's Center Location and effect such improvement, modification, refurbishment, renovation, and/or remodel on Franchisee's behalf, and Franchisee must pay the entire cost to Franchisor on demand.

### 7.D. DAMAGE CAUSED BY CASUALTY

If Franchisee's Center is damaged or destroyed by fire or any other casualty, Franchisee must, as soon as practicable but in no event later than two months after such casualty, initiate repairs or reconstruction, and thereafter in good faith and with due diligence continue until completion of the repairs or reconstruction, to restore the premises of the Franchised Business and Franchisee's Center Facility to its original condition before casualty and otherwise in compliance with Franchisor's standards and specifications.

### 7.E. ALTERATIONS

Franchisee shall not make any material alterations to Franchisee's Center Facility without Franchisor's prior written consent. Franchisee shall not replace or make any unapproved replacements of or material alterations to the fixtures, equipment, furniture, designs or signs, comprising or being a part of, Franchisee's Center Facility. Franchisor has the right, in its sole discretion and at the sole expense of Franchisee, to rectify any material alterations to Franchisee's Center Facility not previously approved by Franchisor or contrary to the specifications and standards of Franchisor as contained in the Operations Manual or otherwise set forth by Franchisor. Franchisor will provide written notice to Franchisee before Franchisor makes the correction, if Franchisor elects to do so.

### 7.F. BRAND STANDARDS AND FRANCHISOR DESIGNATED REQUIREMENTS

Franchisee shall develop and operate the Franchised Business in strict conformity with the methods, standards, specifications, procedures, and operational requirements as, designated and determined by Franchisor, in Franchisor's Reasonable Business Judgment, and as set forth in the Operations Manual, as prescribed Franchisor in writing, and, as Franchisor, in Franchisor's Reasonable Business Judgment, may supplement, modify, and amend from time to time. Supplementing, and without limitation to the foregoing, Franchisee, agrees that the foregoing standards, specifications, procedures, and operational requirements shall relate and include, among other things, the Approved Services and Products, the System Supplies, System standards and service requirements as designated by Franchisor, authorized and mandatory inventory levels and inventory items, authorized and mandatory supplies and inventory supply levels, designated suppliers, standards related to brand uniformity including, brand standards regarding uniforms, marketing materials, marketing media, the appearance and operations of the Franchised Business, customer service and satisfaction standards including, customer rewards programs, refund policies, gift card policies, special promotions and other customer incentive and goodwill programs, brand standards and brand

standard requirements as to employee knowledge and implementation of System brand standards but, not related to employment or joint employment policies, secret shopper programs, Franchisor designated secret quality control inspections, payment processing systems, Franchisor access to Business Management Systems, and, the overall operations of the Franchised Business.

## 7.G. APPROVED SERVICES, PRODUCTS, EQUIPMENT AND SUPPLIERS

Franchisee agrees that, among other things, the products and services to be offered and sold by the Franchised Business, the products, inventory, supplies, suppliers and equipment used by the Franchised Business, the methods for monitoring customer satisfaction and, the methods for marketing and promoting the Franchised Business must conform to Franchisor's System standards and specifications as determined by Franchisor, in Franchisor's Reasonable Business Judgment, and, as designated by Franchisor in the Operations Manual and, as modified by Franchisor from time to time. Without limitation to the foregoing, Franchisee agrees that:

(1) The Franchised Business shall exclusively offer and sell the Approved Services and Products on-site, at Franchisee's Center Location, and only those Approved Services and Products designated and authorized by Franchisor, in Franchisor's Reasonable Business Judgment, and, as may be modified by Franchisor from time to time in Franchisor's Reasonable Business Judgment.

(2) The Franchised Business will exclusively: (a) offer and sell the Approved Services and Products; (b) provide the Approved Services and Products in accordance with the System's standards and specifications; (c) exclusively purchase all System Supplies, including, but not limited to, merchandise, inventory, and supplies, from Franchisor or Franchisor's designated suppliers; (d) exclusively purchase and use equipment, supplies, promotional materials, point of sale systems and Business Management Systems designated by Franchisor and subject to Franchisor's specifications; (e) Purchase interior displays, point of sale displays, uniforms, supplies, marketing materials and promotional materials including, but not limited to, System Supplies, as designated by Franchisor and only from Franchisor or Franchisor's approved supplier(s); and (f) Purchase from distributors and other suppliers approved by Franchisor all other materials, inventory, goods, and supplies including, but not limited to, System Supplies, used in offering, selling, preparing, providing, marketing, and/or selling the Approved Services and Products.

(3) Franchisor has and will periodically approve suppliers and distributors of the equipment, materials, supplies and products including, but not limited to, System Supplies, that meet Franchisor's standards, specifications, and requirements including, without limitation, standards, specifications, and requirements relating to the equipment and supplies to be used by the Franchised Business.

(4) Franchisor, in Franchisor's Reasonable Business Judgment, may from time to time modify the list of approved brands, suppliers and distributors of System Supplies and approved equipment, supplies and services to be utilized by the Franchised Business and Franchisee shall, after receipt in writing of such modification, not reorder any brand and/or purchase from any supplier or distributor that is no longer designated or approved by Franchisor.

(5) Franchisor reserves the right to designate from time to time a single supplier and/or distributor for any services, products, equipment, supplies, or materials including, but not limited to, the System Supplies and to require Franchisee to use such a designated supplier exclusively, which exclusive designated supplier and/or distributor may be Franchisor and/or Franchisor's affiliates. Franchisor and its affiliates may receive payments from suppliers and/or distributors on account of

such supplier's or distributor's dealings with Franchisee and other franchisees and Franchisor may use all amounts so received without restriction and, for any purpose, including Franchisor's profit.

(6) If Franchisee proposes or requests that Franchisor consider the approval of products, services, equipment, supplies, suppliers and/or distributors for use in the Franchised Business where such products, services, equipment, supplies, suppliers and/or distributors are not presently, at the time of Franchisee's request, approved for use in the System: (a) Franchisee must provide Franchisor with a written request where Franchisee specifies the product, service, equipment, supply, supplier and/or distributor, the reason for Franchisee's request; (b) Shall timely submit to Franchisor such information, reports, specifications, and samples as Franchisor, in Franchisor's Reasonable Business Judgment requests; and (c) Shall pay to Franchisor a Supplier Evaluation Fee per requested product, service, equipment, supply, supplier and/or distributor to be considered including, but not limited to, the Supplier Evaluation Fees that Franchisor, in Franchisors Reasonable Business Judgment, establishes and assesses based on, among other things, the administrative costs and time associated with evaluating, assessing and testing the proposed product, service, equipment, supply, supplier and/or distributor including, but not limited to Franchisor's internal employees and independent third-parties engaged and/or retained by Franchisor for evaluation and testing. The foregoing fees and payments shall be paid by Franchisee to Franchisor within 14 days of the date of Franchisor's invoice. Upon Franchisee's compliance with the foregoing, within 60 days of the completion of all inspections and evaluations, Franchisor shall notify Franchisee of Franchisor's approval or disapproval which shall be determined by Franchisor in Franchisor's Reasonable Business Judgment. Under no circumstance shall the foregoing be construed as implying that Franchisor is required to approve alternative suppliers.

## 7.H. MARKET RESEARCH AND TESTING

Franchisor may conduct market research and testing to evaluate, modify, test and/or sample the services, products, equipment and supplies authorized by Franchisor and to determine consumer trends and the viability of certain services and products. Franchisee agrees to participate in Franchisor's market research programs that may be conducted by Franchisor in its discretion, by test marketing services and/or products from the Franchised Business. Franchisee agrees to provide Franchisor with timely reports and other relevant information regarding such market research. Franchisee agrees to purchase a reasonable quantity of the tested products and effectively promote and make a reasonable effort to sell the products and/or services.

## 7.I. COMPLIANCE WITH LAWS AND GOOD BUSINESS PRACTICES

(1) Franchisee shall secure and maintain in full force all required licenses, permits and certificates relating to the operation of the Franchised Business, and Franchisee must operate the Franchised Business in full compliance with all applicable laws, ordinances, codes and regulations.

(2) Franchisee shall, at all times, investigate, review, and comply with all laws applicable to the operation of the Franchised Business, including, without limitation, all labor laws and obligations, wage and hour laws and obligations, employer practices laws and obligations, labor department rules and regulations, workers compensation and unemployment laws and rules, insurance obligations, and health and safety laws, rules and obligations.

(3) Franchisee shall, at all times, investigate, review, and comply with all laws, rules, and regulations related to all laws, rules, and regulations related to customer and employee privacy obligations and protections and, all laws, rules, and regulations, related to the privacy and protection of customer and employee information and data and, all laws, rules, and regulations related to customer and employee solicitations.

(4) Franchisee must immediately notify Franchisor in writing of any of the following concerning Franchisee, the Franchised Business, Franchisee's Center Location and/or Franchisee's Center Facility: (a) any cause of action, claim, lawsuit, proceeding, and investigation; (b) issuance of any order, writ, injunction, award, and/or decree by any court, agency, or other governmental entity; and (c) any notice of violation of any law, ordinance, code, permit, or regulation.

(5) Franchisee shall, at all times, ensure that all advertising and promotion of the Franchised Business by Franchisee is be completely factual and, conforms to the highest standards of ethical advertising, and is in conformity with Franchisor's standards and specifications. Franchisee shall refrain from any business practice, advertising practice, or personal conduct that may be injurious to Franchisor, the System, iSmash Centers, and the Licensed Marks. Franchisor, in Franchisor's sole discretion, shall possess, among other things, the unilateral right to reject any and all advertising relating to the Franchised Business, Franchisor, the System, iSmash Centers and/or using the Licensed Marks.

(6) Franchisee and Owners agree to comply with, and/or to assist Franchisor to the fullest extent possible in Franchisor's efforts to comply with Anti-Terrorism Laws (as defined below). In connection with such compliance, Franchisee and each Owner certify, represent, and warrant that Franchisee's or any Owner's property or interests is not subject to being "blocked" under any of the Anti-Terrorism Laws, and Franchisee and each Owner are not otherwise in violation of any of the Anti-Terrorism Laws. Franchisee further certifies that Franchisee and each Owner are not listed on the Annex to Executive Order 13244 (the Annex is available at http://www.treasury.gov) and will not become so listed, hire any person so listed, or have dealings with any person so listed. Franchisee agrees to immediately notify Franchisor if Franchisee or any Owner become so listed. "Anti-Terrorism Laws" refers to and means Executive Order 13224 issued by the President of the United States, the USA PATRIOT Act, and all other present and future federal, state and local laws, ordinances, regulations, policies, lists and any other requirements of any governmental authority addressing, or in any way relating to, terrorist acts and acts of war. If Franchisee, an Owner, or Franchisee's employees violate any of the Anti-Terrorism Laws and/or become listed on the Annex to Executive Order 13244, then Franchisor may terminate this Agreement immediately without prior notice to Franchisee.

In connection with Franchisee's compliance with the terms of this Article 7.I., if Franchisee discovers, learns of, and/or becomes aware of any conflict and/or discrepancy between Franchisee's obligations under this Article 7.I. with Franchisor's standards and/or specifications as contained in this Agreement, in the Operations Manual, and/or as otherwise designated by Franchisor from time to time, Franchisee shall immediately notify Franchisor in writing of such discrepancy. In the event of any conflict or ambiguity, Franchisor's determination and/or resolution made by Franchisor, in writing, and, specifically with regard to the presented conflict or ambiguity, shall be determinative as between Franchisor and Franchisee and the operations of the Franchised Business.

**7.J. MANAGEMENT OF CENTER**

(1) Franchisee agrees that critical to the success of the Franchised Business is the active, continuing and substantial personal involvement and hands-on supervision of Franchisee's Managing Owner. At all times, Franchisee's iSmash Center must be under the active, continuing and substantial personal involvement and hands-on supervision of Franchisee's Managing Owner. The Managing Owner must at all times be actively involved in the operation of the Franchised Business unless Franchisee delegates management functions to an authorized Operating Manager who, among other things, satisfactorily completed Franchisor's Training Program and has otherwise meet the criteria and conditions for qualification as an Operating Manager. If the Operating Manager is a family

member of Franchisee and/or an Owner then the Operating Manager must also sign and agree to be bound by the terms of the Franchise Owner Agreement and Guaranty.

(2) Franchisee must, at all times, faithfully, honestly and diligently perform its obligations hereunder, and continuously exert its best efforts to promote and enhance the business of the Franchised Business and the goodwill of the Licensed Marks.

(3) If, at any time, the Franchised Business is not being managed by a Managing Owner or Operating Manager who satisfactorily completed the Training Program, Franchisor is authorized, but is not required, to immediately appoint a manager to maintain the operations of the Franchised Business for and on behalf of Franchisee. Franchisor's appointment of a manager of the Franchised Business does not relieve Franchisee of its obligations or constitute a waiver of Franchisor's right to terminate the Franchise pursuant to Article 16. Franchisor is not liable for any debts, losses, costs or expenses incurred in the operations of the Franchised Business or to any creditor of Franchisee for any products, materials, supplies or services purchased by the Franchised Business while it is managed by Franchisor's appointed manager. Franchisor has the right to charge our actual fees and expenses, as determined by Franchisor, in Franchisor's Reasonable Business Judgment, for management services (the "Management Service Fees"). Any determination as to whether or not Franchisor may elect to provide management services, if any, and the extent of such services, and/or the discontinuation thereof, shall be exclusively determined by Franchisor in Franchisor's Reasonable Business Judgment. The Management Service Fee shall be immediately payable upon invoice by us.

(4) Franchisee will at all times maintain sufficient working capital to fulfill its obligations under this Agreement.

### 7.K. REMEDIES FOR NONCOMPLIANCE WITH OPERATIONAL STANDARDS

In addition to all other rights afforded to Franchisor under this Agreement, in connection with any, each, and every violation of any term, provision, and/or operational requirement as set forth in this Article 7 (an "Operations Violation"), within 14 days of Franchisor's invoice, Franchisee shall pay to Franchisor an operations non-compliance fee (the "Operations Non-Compliance Fee") of $150 to $500 in our discretion. Additionally, in each of the foregoing instances, within 14 days of Franchisor's invoice, Franchisee shall pay to Franchisor all costs and expenses incurred by Franchisor in connection with any inspections, audits, and/or re-inspections directed and/or undertaken by Franchisor for the purpose, as determined by Franchisor in Franchisor's Reasonable Business Judgment, of determining whether or not Franchisee's Operations Violation has been cured in accordance with Franchisor's standards and specifications. The foregoing does not constitute Franchisor's consent to and/or acquiescence to Operations Violations. Nothing contained in this Article 7.K. shall be interpreted as interfering with and/or negating Franchisor's rights and remedies as set forth in Article 16 and, as otherwise set forth in this Agreement. All rights and remedies of Franchisor are cumulative and shall be interpreted as cumulative to one another.

## ARTICLE 8
## INSURANCE

Franchisee must procure and maintain in full force at all times during the Term of this Agreement, at Franchisee's sole expense, on a primary rather than a participatory basis with Franchisor, an insurance policy or policies protecting Franchisee as named insured and naming, as additional insureds, Franchisor, Franchisor's affiliates, Franchisor's successors and assigns, and the officers, directors, shareholders, partners, agents, representatives, independent contractors and employees of Franchisor against any demand or claim with respect to personal injury, death or property damage, or any loss, liability or expense whatsoever arising or occurring upon or in connection with the Franchised Business. The policy or policies

must be written by a responsible carrier or carriers with an AM Best Rating of at least A-, VII and reasonably acceptable to Franchisor.

The currently required insurance policies, insurance coverage requirements, and insurance coverage amounts are designated and set forth in the Operations Manual. Franchisor may, in Franchisor's Reasonable Business Judgment, periodically change the amounts of coverage required under such insurance policies and require different or additional kinds of insurance at any time, including excess liability insurance, to reflect inflation, identification of new risks, changes in law or standards of liability, higher damage awards or other relevant changes in circumstances. Notwithstanding the immediately foregoing sentence, Franchisor shall not increase such minimum coverage more than once every two years. All public liability and property damages policies must contain a provision that Franchisor is entitled to recover under these policies on any loss occasioned to Franchisor, Franchisor's affiliates, Franchisor's successors and assigns, and the officers, directors, shareholders, members, owners, partners, agents, representatives, independent contractors, and employees of Franchisor by reason of the negligence of Franchisee and/or Franchisee's officers, directors, shareholders, members, owners, partners, agents, representatives, independent contractors, and employees.

By the earlier of the execution of the lease for your Center Location or prior to the commencement of the Training Program, Franchisee must deliver, or cause to be delivered, to Franchisor a copy of the certificates of insurance demonstrating Franchisee's compliance with this Article 8. All insurance policies required must expressly provide that no less than 30 days' prior written notice shall be given to Franchisor in the event of a material alteration to, or cancellation of, any insurance policy Franchisee is required to maintain in accordance with this Agreement.

In the event Franchisee fails, for any reason, to procure or maintain the insurance required by this Agreement, then Franchisor has the right and authority (but not the obligation) to immediately to procure insurance and charge all costs, fees, and expenses associated with same to Franchisee, which such charges, together with a reasonable administrative fee for Franchisor's expenses in so acting, shall be immediately payable by Franchisee to Franchisor upon demand. The foregoing remedies are in addition to any other remedies Franchisor may have under this Agreement, at law, or in equity.

## ARTICLE 9
## BRAND DEVELOPMENT AND MARKETING

Franchisor is not required to conduct any marketing on behalf of Franchisee or the System.

### 9.A. BRAND DEVELOPMENT FUND

At all times during the Term of this Agreement, as determined by Franchisor, in Franchisor's Reasonable Business Judgment, Franchisor may institute, implement, maintain, delegate and administer a brand development fund (the "Brand Development Fund"). The following shall apply to the Brand Development Fund at all times throughout the Term:

(1) If Franchisor institutes the Brand Development Fund, Franchisee shall pay, on the Due Date, a mandatory and continuing fee to the Brand Development Fund in an amount equal to a percentage of Gross Sales (as determined and designated by Franchisor in Franchisor's Reasonable Business Judgment) for and, in accordance with the payment terms of Article 5.C. of this Agreement (the "Brand Development Fund Fee"), provided, however, Franchisee will not be required to contribute more than 2% of the Gross Sales of the Franchised Business;

(2) Franchisor will provide Franchisee with written notice of the Brand Development Fund Contribution Percentage. Upon such written notice to Franchisee, the Brand Development Fund

Fee shall be paid by Franchisee to the Brand Development Fund and/or, at Franchisor's election, pre-deducted from Franchisee's Gross Sales by Franchisor and shall be applicable at all times thereafter throughout the Term, except as may be otherwise designated by Franchisor in writing. The Brand Development Fund Fee shall be paid to Franchisor on the Due Date and in accordance with the payment terms and method set forth in Article 5.B for the payment of Royalty Fees;

(3) Franchisor, in Franchisor's Reasonable Business Judgment, shall direct all advertising, media placement, marketing and public relations programs and activities financed by the Brand Development Fund, with sole discretion over the strategic direction, creative concepts, materials, and endorsements used by the Brand Development Fund, and the geographic, market, and media placement and allocation thereof. Without limiting the foregoing, the Brand Development Fund may also be utilized for evaluation and monitoring of the Business Management Systems, maintenance and upgrades to the System Website, and development of Digital Media;

(4) Franchisee agrees that the purpose of the advertising, media, marketing and activities financed by the Brand Development Fund is and shall be for the general enhancement of the System brand as associated with the Licensed Marks and general public brand recognition and awareness of the Licensed Marks. The Brand Development Fund will not be utilized to directly or indirectly market or promote the Franchised Business or, unless otherwise directed by Franchisor, in Franchisor's Reasonable Business Judgment, pay for media placements that may benefit or include any media market that includes Franchisee's Center Location or Designated Territory;

(5) Franchisee agrees that the Brand Development Fund may be used to pay various costs and expenses of Franchisor for such reasonable salaries, wages, administrative costs and overhead as Franchisor may incur in activities reasonably related to the administration, activities and/or the brand awareness goals of the Brand Development Fund including expenses incurred by Franchisor for advertising, marketing, product and service testing, product and service development, maintenance, evaluation and monitoring of the Business Management Systems, upgrades to the System Website, development of Digital Media and creative development that is internally administered or prepared by Franchisor and other marketing activities made by Franchisor, provided, however, that salary expenses for Franchisor's personnel paid by the Brand Development Fund shall be commensurate with the amount of that time spent by such personnel on Brand Development Fund matters. Franchisor shall not use contributions to the Brand Development Fund to defray any of Franchisor's general operating expenses, except for such reasonable salaries, administrative costs and overhead as Franchisor may incur in activities reasonably related to the administration and activities of the Brand Development Fund and creation or conduct of its marketing programs including, without limitation, conducting market research, preparing advertising and marketing materials and collecting and accounting for contributions to the Brand Development Fund. Franchisor may spend in a fiscal year an amount greater or less than the aggregate contributions of all iSmash Centers to the Brand Development Fund in that year;

(6) Franchisee agrees to participate in all advertising, marketing, promotions, research and public relations programs instituted by the Brand Development Fund;

(7) iSmash Centers owned by Franchisor or Franchisor's affiliates are not required to pay any Brand Development Fund Fee or contribute to or make any contribution to the Brand Development Fund;

(8) Franchisee and Franchisor acknowledge and agree that (a) the Brand Development Fund is not a trust, (b) Franchisor is not a trustee or fiduciary of the Brand Development Fund, and (c) Franchisor may deposit and maintain any and all funds of the Brand Development Fund Fee in Franchisor's general accounts. Brand Development Fund Fees are not required to be segregated

from other assets or accounts of Franchisor. The Brand Development Fund is not required to expend Brand Development Fund Fees in the year that they are collected and the Brand Development Fund may borrow from Franchisor or other lenders at standard commercial interest rates to cover deficits of the Brand Development Fund, and Franchisor may cause the Brand Development Fund to invest any surplus for future use by the Brand Development Fund. All interest earned on monies contributed to the Brand Development Fund will be used to pay costs of the Brand Development Fund before other assets of the Brand Development Fund are expended. A summary statement of monies collected and costs incurred by the Brand Development Fund for Franchisor's immediately preceding fiscal year shall be made available to Franchisee upon Franchisee's written request. Franchisor will have the right to cause the Brand Development Fund to be incorporated or operated through an entity separate from Franchisor at such time as Franchisor deems appropriate, and such successor entity shall have all rights and duties of Franchisor pursuant to this Article 9.A.(8);

(9) Although Franchisor will endeavor to utilize the Brand Development Fund to develop advertising and marketing materials and programs, Franchisor undertakes no obligation to ensure that expenditures by the Brand Development Fund in or affecting any geographic area are proportionate or equivalent to the contributions to the Brand Development Fund by iSmash Centers operating in that geographic area or that any iSmash Centers will benefit directly or in proportion to its contribution to the Brand Development Fund from the development of advertising and marketing materials. Franchisor may use the Brand Development Fund to promote or benefit any type of iSmash Centers in the System. Franchisor may use the Brand Development Fund to promote or benefit iSmash Centers located within a particular region of the United States. Franchisee agrees that Franchisee's failure to derive any such benefit will not serve as a basis for a reduction or elimination of its obligation to contribute to the Brand Development Fund. Franchisee agrees that the failure (whether with or without Franchisor's permission) of any other franchisee to make the appropriate amount of contributions to the Brand Development Fund shall not in any way release Franchisee from or reduce Franchisee's obligations under this Article 9, such obligations being separate and independent obligations of Franchisee under this Agreement. Except as expressly provided in this Article 9, Franchisor assumes no direct or indirect liability, responsibility, or obligation to Franchisee with respect to the maintenance, direction, and/or administration of the Brand Development Fund; and

(10) Franchisor, in Franchisor's Reasonable Business Judgment, may establish a council to provide guidance respecting the administration of the Brand Development Fund and marketing matters concerning the Brand Development Fund. The council shall only serve in an advisory capacity and Franchisor shall select members of the council which may be comprised of employees of Franchisor, Franchisor, franchisees of the System and third-parties.

**9.B. LOCAL MARKETING**

On an on-going monthly basis and in addition to the Digital Marketing Program, Franchisee must spend the greater of: (i) 5% of Franchisee's monthly Gross Sales; or (ii) $3,000 per month on the local marketing of the Franchised Business within and/or targeted to Franchisee's Designated Territory. On or before the 5th day of each month, or, such other dates as specified by Franchisor, Franchisee shall provide Franchisor with an accurate accounting of Franchisee's local marketing expenditures, placements, activities, and metrics for the immediately preceding month. At the request of Franchisor, Franchisee shall provide Franchisor with on-going access to any and all data and systems that record and/or report information related to Franchisee's local marketing activities and expenditures and to provide Franchisor such other periodic reports and records as may be requested by Franchisor.

If the Franchisee's expenditures in any and all monthly periods do not, in aggregate as to each respective monthly period, equal or exceed 5% of Gross Sales for the respective monthly period then Franchisor, in

Franchisor's discretion and Reasonable Business Judgment, may require that the deficiency be added as additional local marketing expenditures, over and above the greater of 5% of Franchisee's Gross Sales or $3,000 per month, that Franchisee must spend within the immediately succeeding monthly period or periods, as directed by Franchisor, or, at Franchisor's discretion, be contributed to a Brand Development Fund. All marketing of the Franchised Business by Franchisee must be pre-approved, in writing by Franchisor.

Franchisor reserves the right to reject any and all marketing efforts requested by Franchisee and to prescribe all marketing, marketing media, marketing channels, promotions, copy, creative, and messaging that Franchisee may or may not use in Franchisee's marketing of the Franchised Business. Franchisee further agrees that:

(1) In addition to calendar year quarterly reports, Franchisee shall provide Franchisor with monthly reports documenting Franchisee's marketing initiatives, expenses incurred, placements secured, and other metrics and financial information as designated by Franchisor;

(2) Prior to opening the Franchised Business, Franchisee shall submit to Franchisor, Franchisee's grand opening marketing plan for review and approval by Franchisor. Franchisee shall use only those portions of its grand opening marketing that are pre-approved by Franchisor and consistent with Franchisor's standards and specifications. Not less than 30 days prior to the opening of the Franchised Business, Franchisee shall spend not less than $10,000 to market and promote the grand opening of the Franchised Business in accordance with Franchisor's standards and specifications. At our request, you shall give us the money for your Grand Opening Marketing, and we will conduct the Grand Opening Marketing on your behalf.;

(3) At all times, Franchisee's marketing efforts and the distribution of each marketing channel and media engaged by Franchisee must be directly targeted to Franchisee's Designated Territory. Franchisee shall not direct or target Franchisee's marketing efforts with the purpose or effect of soliciting or attracting customers outside of Franchisee's Designated Territory. To the extent that Franchisee's marketing efforts involve a marketing medium or distribution channel that is targeted to Franchisee's Designated Territory but reaches outside of and beyond Franchisee's Designated Territory Franchisor, in Franchisor's Reasonable Business Judgment, shall have the right to direct and require Franchisee to discontinue such marketing; and

(4) At all times, Franchisee hereby grants to Franchisor the right, without compensation to Franchisee, to use Franchisee's name, address, photograph, and biographical information in any publication related to the System, including in relation to the sale of iSmash Center franchises.

**9.C. REQUIRED FRANCHISOR APPROVAL OF ALL MARKETING**

All marketing and promotion of the Franchised Business and all marketing media, campaigns, marketing channels, and efforts used by Franchisee must conform to Franchisor's standards and specifications as set forth in the Operations Manual or, as may be otherwise directed by Franchisor in writing from time to time.

If Franchisee wished to propose to Franchisor for approval or disapproval marketing or promotional efforts, campaigns, and/or media that are not presently and expressly approved and authorized by Franchisor, Franchisee shall submit a written request, including samples of all proposed marketing materials and a description of the marketing channels and distribution to Franchisor for Franchisor's approval or disapproval, that shall be at the sole discretion of Franchisor, in Franchisor's Reasonable Business Judgment. Provided that Franchisee has satisfied the written notice requirements set forth in this Article 9.C. and provided that Franchisee otherwise timely responds in writing to any and all requests by Franchisor for additional information, if Franchisor does not notify Franchisee that Franchisor disapproves the

materials within 15 days from the date Franchisor receives the materials, then Franchisee may commence using the materials. However, Franchisor may still disapprove such materials by notice to Franchisee, and Franchisee must then cease using such materials upon receipt of such notice. Franchisee must not use any advertising or promotional materials that Franchisor has disapproved.

### 9.D. WAIVERS OR DEFERRALS

On written request from Franchisee with reasons supporting such request, Franchisor may, at Franchisor's sole discretion and on conditions Franchisor deems appropriate, temporarily waive or defer the obligations of Franchisee under the Brand Development Fund and/or, if applicable, Advertising Cooperative. In no event shall such waiver or deferral extend beyond six months. However, at the end of any waiver or deferral period, Franchisee may resubmit a request for waiver or deferral of its obligations under the Brand Development Fund and/or, if applicable, Advertising Cooperative. Under no circumstance shall Franchisor be under any obligation to grant any waiver of deferral. Franchisor may reject Franchisees request for a waiver or deferral based on any reason or no reason at all and nevertheless grant the request of another system franchisee.

### 9.E. DIGITAL MEDIA AND WEBSITE PROHIBITIONS

Franchisee's use of Digital Media shall be subject to and require Franchisor's express written consent which shall and may be withheld by Franchisor for any or no reason at all. Without limitation to the foregoing, Franchisee possess no right or authority to utilize Digital Media and Franchisee agrees that Franchisor reserves all rights respecting the marketing, sale and distribution of Approved Services and Products through Digital Media. Franchisee agrees that all Digital Media and Digital Media accounts associated with and/or relating to the Franchised Business and/or the System shall, upon demand of Franchisor, be transferred to Franchisor. Upon execution of this Agreement and any and all future dates demanded by Franchisor, Franchisee shall execute and deliver to Franchisor the Assignment of Telephone Numbers and Digital Media Accounts Agreement attached to this Agreement as Exhibit 6. Franchisee agree that the foregoing shall not be interpreted or construed as permitting Franchisee to establish, designate, utilize and/or otherwise establish accounts as to Digital Media respecting and/or concerning the Franchised Business and/or the System.

### 9.F. ADVERTISING COOPERATIVE

At all times Franchisor, in Franchisor's Reasonable Business Judgment, possesses the right to authorize, establish, designate and de-authorize a local or regional advertising cooperative within those markets that Franchisor designates (the "Advertising Cooperative"). Franchisee agrees that Franchisor possesses the sole and exclusive right to designate any geographic area in which two or more Center franchises are located as a region for the purpose of establishing an Advertising Cooperative. If Franchisee's Center or Designated Territory is located within the geographic area of an Advertising Cooperative, franchisee must participate in and contribute to the Advertising Cooperative. Franchisee agrees to the following:

(1) If Franchisor previously instituted or, in the future, institutes an Advertising Cooperative that includes, in whole or in part, Franchisee's Designated Territory or Franchisee's Center Location, Franchisee shall participate in and make such on-going financial contributions to the Advertising Cooperative, as determined by the Advertising Cooperative;

(2) Franchisor may establish foundational and organizational requirements of the Advertising Cooperative including voting provisions that allows the Advertising Cooperative to make decisions based on the simple majority vote (one vote per franchisee Center located within the designated area of the Advertising Cooperative) with a quorum constituting 25% of those franchisees within the Advertising Cooperative;

(3) Unless otherwise authorized and approved by Franchisor in writing, each Advertising Cooperative shall be organized for the exclusive purpose of administering marketing programs and the development of media (all subject to the review and approval of Franchisor) for use by members of the Advertising Cooperative in local or regional marketing;

(4) If at the time of execution of this Agreement an Advertising Cooperative has been established for a geographic area that includes, in whole or in part, Franchisee's Center location or Designated Territory, or if such Advertising Cooperative is established during the Term of this Agreement, Franchisee shall fully participate in the Advertising Cooperative and Franchisee shall execute, at the request of Franchisor, all documents required by Franchisor and Franchisee shall become a member of the Advertising Cooperative subject to the terms of those documents;

(5) Franchisee shall contribute to the Advertising Cooperative in the amounts as determined and required by the Advertising Cooperative or, otherwise in accordance with those documents governing the operation of the Advertising Cooperative; provided, however, Franchisee's contributions to the Advertising Cooperative shall not exceed Franchisee's local minimum marketing obligations set forth in Article 9.B. of this Agreement and Franchisee's contributions to the Advertising Cooperative shall count toward satisfaction of Franchisee's minimum local marketing obligations set forth in Article 9.B.;

(6) Franchisee shall submit to the Advertising Cooperative and to Franchisor such statements and reports as may be required by the Advertising Cooperative and approved by Franchisor. All contributions to the Advertising Cooperative shall be maintained and administered in accordance with the documents governing the Advertising Cooperative. The Advertising Cooperative shall be operated solely for the purpose of collection and expenditure of the Advertising Cooperative's fees for the purpose set forth in this Article 9.F.;

(7) No marketing materials, plans, or media may be used by the Advertising Cooperative or its members without the prior written approval of Franchisor;

(8) Centers owned by Franchisor and/or Franchisor's affiliates that are located within the geographic area of the designated Advertising Cooperative are not required to make contributions to the Advertising Cooperative; and

(9) The Advertising Cooperative must comply with the rules and regulations established by Franchisor in the Operations Manual which may be modified by Franchisor from time to time.

## ARTICLE 10
## RELATIONSHIP OF THE PARTIES AND INDEMNIFICATION

### 10.A. INDEPENDENT CONTRACTORS AND NO JOINT EMPLOYER RELATIONSHIP

This Agreement does not create a fiduciary relationship between Franchisor and Franchise. Franchisor and Franchisee are independent contractors and nothing in this Agreement is intended to nor shall it make either party an agent, legal representative, subsidiary, joint venturer, partner, or employee of the other for any purpose. The parties' relationship is strictly a franchisor and franchise relationship. At all times Franchisee, in accordance with Franchisor's brand standards, must conspicuously identify itself at the premises of the Franchised Business and in all dealings with customers, lessors, contractors, suppliers, public officials and others as the owner of a Center under a franchise from Franchisor, and Franchisee must place other notices of independent ownership on signs, forms, stationery, advertising and other materials as Franchisor requires. Franchisee shall not employ any Licensed Mark in signing any contract, lease, mortgage, check, purchase agreement, negotiable instrument, or other legal obligation. Franchisee shall not employ any

Licensed Mark in a manner that is likely to result in liability of Franchisor for any indebtedness, action, inaction, or obligation of Franchisee. Franchisor and Franchisee shall not make any express or implied agreements, guaranties or representations, or incur any debt, in the name, or on behalf, of the other. Franchisor and Franchisee shall not represent that their relationship is anything other than franchisor and franchisee. Franchisor and Franchisee shall not be obligated by, or have any liability under, any agreements or representations made by the other that are not expressly authorized. Franchisor shall not be obligated for any damages to any person or property directly or indirectly arising out of the operation of the Franchised Business, whether or not caused by Franchisee's negligent, willful act or failure to act. Franchisor shall have no liability for any sales, use, excise, gross receipts, property or other taxes, whether levied upon Franchisee, the Franchised Business or its assets, or upon Franchisor in connection with sales made, services performed or business conducted by Franchisee.

At all times, Franchisee will be, is, and shall remain the sole and exclusive employer of all employees of the Franchised Business. Franchisor is not a joint employer and nothing contained in this Agreement shall be interpreted as creating a joint employer relationship. Franchisee possesses the sole right to select, hire and discharge Franchisee's employees. Franchisee is responsible for all decisions regarding hiring, firing, training, supervising, disciplining, scheduling, paying wages to, and withholding and paying taxes for all employees. Franchisee, each Owner, and Franchisee's officers, directors, manager, agents, representatives, independent contractors and employees are not employees, representatives, or agents of Franchisor and shall never represent themselves as employees, representatives, or agents of Franchisor.

There is no joint employer relationship between Franchisor and Franchisee or Franchisee's employees. Franchisee's compliance with all federal, state and local labor laws rules and regulations shall be exclusively determined and managed by Franchisee. To the extent that the Operations Manual and/or any other communications from Franchisor includes information, specifications, procedures, criteria and/or requirements as to employees of the Franchised Business, such requirements shall be interpreted, exclusively, for the purpose of maintaining brand standards associated with the System, to protect the good will associated with the System, and to ensure System uniformity requirements and standards concerning the Approved Services and Products, and under no circumstance shall same relate to the employer-employee relationship. As to the foregoing issue of joint employer and the non-existence thereof, in the event of any inconsistency or conflict between this Agreement and the Operations Manual, the terms of this Agreement shall take precedence and govern.

**10.B. INDEMNIFICATION BY FRANCHISEE**

Franchisee and each Owner shall indemnify, defend through counsel acceptable to Franchisor, and hold Franchisor, Franchisor's affiliates, and their respective officers, directors, shareholders, members, owners, partners, agents, representatives, independent contractors, employees, assigns and successors (the "Franchisor Indemnified Parties") harmless from all losses, expenses, claims, causes of action, lawsuits, liabilities, taxes, costs, demands, proceedings, investigation, hearing, and/or damages arising out of, or relating to, Franchisee's Center Facility, Franchisee's Center Location, and/or the Franchised Business (including, without limitation, the ownership and operation of the Franchised Business), unless such loss, expense, claim, cause of action, lawsuit, liability, tax, cost, demand, proceeding, or damage is solely due to Franchisor's gross negligence, and Franchisee shall pay all of the Franchisor Indemnified Parties' reasonable costs, fees and expenses of defending any such claim, cause of action, lawsuit, demand, proceeding, investigation, and/or hearing brought against any of the Franchisor Indemnified Parties or any such claim, cause of action, lawsuit, demand, proceeding, investigation, and/or hearing in which any of the Franchisor Indemnified Parties is named as a party, including, without limitation, reasonable accountant fees, attorney fees, and expert witness fees, court costs, deposition fees, travel expenses and other litigation expenses. At the expense and risk of Franchisee and each Owner, Franchisor may elect to assume (but is not obligated to undertake) the defense and/or settlement of any action, lawsuit, proceeding, claim, or demand. Such an election by Franchisor to assume its defense shall not diminish the obligation of

Franchisee and each Owner to indemnify, defend and hold harmless Franchisor. Franchisee and each Owner acknowledge and agree that the terms of this Article 10.B. shall survive the termination, expiration or Transfer of this Agreement. Under no circumstances are the Franchisor Indemnified Parties required or obligated to seek recovery from third parties or otherwise mitigate their respective losses in order to maintain a claim against Franchisee or any Owner. Franchisee and each of the Owners agree that Franchisor's failure to pursue recovery or mitigate loss in no way reduces the amounts recoverable from Franchisee or any Owner.

### 10.C. INDEMNIFICATION BY FRANCHISOR

Franchisor shall indemnify, defend, and hold Franchisee and Franchisee's officers, directors, shareholders, members, owners, partners, agents, representatives, independent contractors, employees, assigns and successors (the "Franchisee Indemnified Parties") harmless from all losses, expenses, claims, causes of action, lawsuits, liabilities, taxes, costs, demands, proceedings, investigation, hearing, and/or damages solely arising out of, or solely relating to, Franchisor's gross negligence in the operation of Franchisee's iSmash Center that was the direct cause of any such loss, expense, liability or damage provided Franchisee immediately notifies Franchisor of such claim, cause of action, lawsuit, demand, proceeding, investigation or hearing, and Franchisor shall pay all of the Franchisee Indemnified Parties' reasonable costs, fees and expenses of defending any such claim, cause of action, lawsuit, demand, proceeding, investigation, and/or hearing brought against any of the Franchisee Indemnified Parties or any such claim, cause of action, lawsuit, demand, proceeding, investigation, and/or hearing in which any of the Franchisee Indemnified Parties is named as a party, including, without limitation, reasonable accountant fees, attorney fees, and expert witness fees, court costs, deposition fees, travel expenses and other litigation expenses provided Franchisee immediately notifies Franchisor of such claim, cause of action, lawsuit, demand, proceeding, investigation or hearing. Franchisor agrees that the terms of this Article 10.C. shall survive the termination, expiration or Transfer of this Agreement.

## ARTICLE 11
## LICENSED MARKS, SYSTEM, AND INNOVATIONS

### 11.A. OWNERSHIP AND GOODWILL

Franchisee agrees that Franchisor is the owner of all right, title and interest in and to the Licensed Marks, the System, Web Based Media, Published Content and the goodwill associated with the Licensed Marks and the System. Except as otherwise specifically provided in this Agreement, Franchisee further agrees that Franchisee possesses no interest or right, whatsoever, in or to the Licensed Marks, the System, Web Based Media, Published Content and the goodwill associated with the Licensed Marks and the System, and Franchisee's right to use the Licensed Marks and the System is derived solely from this Agreement. Any unauthorized use of the Licensed Marks and/or the System by Franchisee or any of Franchisee's affiliates shall constitute an infringement of the rights of Franchisor in and to the Licensed Marks and/or the System. Franchisee agrees that all usage of the Licensed Marks and/or the System by Franchisee, and all goodwill associated with the Licensed Marks and System, shall exclusively benefit Franchisor without granting any goodwill interests or rights to Franchisee except for Franchisee's non-exclusive interest and limited right to use the Licensed Marks and the System in the operation of the Franchised Business, subject to the terms and conditions of this Agreement. Franchisee shall not, at any time during the Term or after the expiration, termination or Transfer of this Agreement, contest the validity or ownership of the Licensed Marks, the System, Web Based Media, Published Content, and/or the goodwill associated with the Licensed Marks and the System, and at no time shall Franchisee assist any other person in contesting the validity or ownership of the Licensed Marks, the System, Web Based Media, Published Content, and/or the goodwill associated with the Licensed Marks and the System. Franchisee and each Owner shall not take any action that prejudices or interferes with the validity of Franchisor's rights with respect to Licensed Marks, the System, Web Based Media, Published Content, and/or the goodwill associated with the Licensed Marks and the System.

### 11.B. USE OF THE LICENSED MARKS

Franchisee agrees that the Licensed Marks shall be the sole identification of the Franchised Business. Franchisee must operate, advertise and market the Franchised Business only under the Licensed Marks as designated and specified by Franchisor in Franchisor's Reasonable Business Judgment. Franchisee shall not use the Licensed Marks as part of its corporate or other legal name, and Franchise shall not use the Licensed Marks with modifying words, terms, designs, or symbols, or in any modified form. Franchisee shall comply with Franchisor's instructions in filing and maintaining their requisite trade name or fictitious name registrations as may be required by applicable law.

### 11.C. NOTIFICATION OF INFRINGEMENT AND CLAIMS

Franchisee must notify Franchisor immediately in writing of any apparent infringement of, or challenge to, Franchisee's use of any Licensed Mark and/or the System or of any claim by any person claiming any rights in any manner with respect to the Licensed Mark, the System, or any similar trade name, trademark or service mark of which Franchisee becomes aware. Franchisee must not communicate with any person other than Franchisor and its counsel in connection with any infringement, challenge, or claim by any third party to the Licensed Marks and/or the System. Franchisor and/or Franchisor's licensor shall possess sole and complete discretion, in Franchisor's Reasonable Business Judgment, to take any action and/or to refrain from taking action, Franchisor and/or Franchisor's licensor deems appropriate, including, without limitation, the right to exclusively control any litigation or administrative proceeding arising out of, or relating to, any infringement, challenge, claim or otherwise relating to any Licensed Mark and/or the System. Franchisee agrees to execute all documents, render assistance, and take all actions as may be necessary or advisable to protect and maintain the interests of Franchisor and/or Franchisor's licensor in any litigation or administrative proceeding or to otherwise protect and maintain, as directed by Franchisor, the interests of Franchisor and/or Franchisor's licensor in the Licensed Marks. Franchisor will reimburse Franchisee for reasonable direct expenses incurred by Franchisee in assisting Franchisor in any such litigation or administrative proceeding provided Franchisee timely notifies Franchisor of such litigation or administrative proceeding, and Franchisee complies with the written instructions of Franchisor respecting any such litigation or administrative proceeding.

### 11.D. DISCONTINUANCE OF USE OF LICENSED MARKS

Franchisee agrees that at any time should Franchisor determine, in Franchisor's sole discretion and based on Franchisor's Reasonable Business Judgment, that it is advisable for Franchisor, the System, and/or Franchisee to replace, modify, substitute, and/or discontinue use of any Licensed Marks, then Franchisee shall comply with Franchisor's determination and instructions as to the replacement, modification, substitution, and/or discontinuance of such Licensed Mark(s). Franchisee shall comply within the foregoing requirements within a reasonable time period after notice by Franchisor. If Franchisee is required to take action pursuant to instruction by Franchisor pursuant to this Article 11.D. or, if Franchisee is otherwise required to replace, modify, substitute, and/or discontinue use of any Licensed Marks, the sole liability and obligation of Franchisor to Franchisee shall be to reimburse Franchisee for the reasonable and direct costs incurred by Franchisee in complying with this obligation, which Franchisee shall document to the satisfaction of Franchisor. Franchisor maintains the exclusive right, in Franchisor's Reasonable Business Judgment, to, in whole or in part, replace, modify, substitute and/or discontinue any and all features and/or components of the Licensed Marks and/or the System at any time.

### 11.E. INDEMNIFICATION OF FRANCHISEE

If Franchisee is sued in a legal proceeding or is threatened with legal action and/or a notice of infringement by a third party where the claims and/or causes of action directly relate to a third party claiming trademark infringement, unfair competition, and/or trademark dilution as a result of Franchisee's use of the Licensed Marks in accordance with the terms of this Agreement and the System (the "IP Claim"), then Franchisor shall indemnify Franchisee for the reasonable and direct costs incurred by Franchisee and/or a judgment

entered against Franchisee, provided: (i) Franchisee immediately notified Franchisor of the IP Claim by a written notice sent to Franchisor via priority overnight courier; (ii) Franchisee provided and afforded Franchisor the absolute opportunity and right to defend against the IP Claim and to select and appoint legal counsel of Franchisor's choosing; and (iii) Franchisee utilized the Licensed Marks in accordance with the terms of this Agreement and the System. Franchisee agrees that time is of the essence with respect to notifying Franchisor of the IP Claim in accordance with this Agreement, including this Article 11.E.

### 11.F. OWNERSHIP OF INNOVATIONS, IMPROVEMENTS AND INFORMATION

Franchisee agrees that with regard to the Franchised Business, all customer lists, including the contents and information contained in all customer lists, constitute Confidential Information and an asset of Franchisor whether or not such information was supplied by Franchisor. During the Term, and in connection with the development, establishment, marketing, promotion and operation of the Franchised Business, Franchisee shall disclose to Franchisor all of Franchisee's ideas, concepts, methods, and products conceived or developed by Franchisee, any Owner, and/or Franchisee's affiliates, officers, directors, shareholders, partners, agents, members, representatives, independent contractors, servants and employees relating to the development and operation of iSmash Centers and the System. Franchisee hereby assigns to Franchisor, and Franchisee agrees to procure an assignment of any such ideas, concepts, methods, and products that Franchisee is required to disclose to Franchisor under this Article 11.F. from each Owner and Franchisee's affiliates, officers, directors, shareholders, partners, agents, members, representatives, independent contractors, servants and employees. Franchisor shall have no obligation to tender any lump sum payment, on-going payments, or any other consideration to Franchisee, any Owner, each Owner and Franchisee's affiliates, officers, directors, shareholders, partners, agents, members, representatives, independent contractors, servants and employees with respect to any such idea, concept, method, technique or product. Franchisee agrees that Franchisee shall not use, or allow any other person or entity to use, any such concept, method, technique, or product without obtaining Franchisor's prior written approval.

## ARTICLE 12
## RECORDS AND REPORTS

### 12.A. MAINTENANCE AND PRESERVATION OF RECORDS

Franchisee shall maintain during the Term, and preserve for at least three years from the dates of their preparation, full, complete and accurate books, records, and accounts from the Franchised Business. Such records shall be maintained and preserved in the form and manner by Franchisor in the Operations Manual or otherwise in writing.

### 12.B REPORTING OBLIGATIONS

In additional to the reporting obligations otherwise set forth in this Agreement, Franchisee agrees to the following additional reporting obligations that shall be compile, organize, and contain all of the data and information requested by Franchisor, in Franchisors Reasonable Business Judgment, and as may be modified by Franchisor from time to time:

(1) Royalty and Activity Reports – on the Due Date each week, Franchisee shall report, transmit, confirm, and/or otherwise make available to Franchisor, the Royalty and Activity Report as designated by Franchisor and in accordance with the terms of this Agreement.

(2) Monthly Financial Statements and Reports – within 30 days of the end of each calendar month Franchisee shall submit to Franchisor monthly financial statements and other reports related to the operations of the Franchised business including, but not limited to, income statement, statement of cash flows, balance sheet, and other operational reports designated by Franchisor. At all times Franchisee represents that the financial statements, information, and reports submitted to and/or made available to Franchisor shall be and remain true and accurate. The financial statements must

be prepared in accordance with standard gross revenue accounting methods;

(3) Annual Financial Statements and Reports – within 60 days of the end of each calendar year, Franchisee shall submit to Franchisor Franchisee's annual financial statements and other reports related to the operations of the Franchised business including, but not limited to, income statement, statement of cash flows, balance sheet, and other operational reports designated by Franchisor. The financial statements must be prepared by a licensed CPA and in accordance with standard accounting methods include gross revenue accounting;

(4) Tax Returns – Franchisee shall provide to Franchisor, Franchisee's annual federal, state and local tax returns as same are prepared and submitted to the applicable federal, state and local entities. Said tax returns shall be submitted to Franchisor within 45 days of Franchisee or Franchisee's agent filing such returns with the applicable federal, state and local entities; and

(5) Other Reports – Franchisee shall timely submit to Franchisor, all other forms, reports, records, information, and data as Franchisor may reasonably request in writing or as otherwise set forth in the Operations Manual.

### 12.C. REMEDIES FOR NONCOMPLIANCE WITH RECORDS AND REPORTING

In addition to all other rights afforded to Franchisor under this Agreement, in connection with any, each, and every violation of any term, provision, and/or operational requirement as set forth in this Article 12 (a "Reporting Violation"), within 14 days of Franchisor's invoice, Franchisee shall pay to Franchisor a reporting non-compliance fee (the "Reporting Non-Compliance Fee") in the amount of $150 for each and every failure to timely submit a report and/or record as set forth in this Article 12. The foregoing does not constitute Franchisor's consent to and/or acquiescence to Reporting Violations. Nothing contained in this Article 12.C. shall be interpreted as interfering with and/or negating Franchisor's rights and remedies as set forth in Article 16 and, as otherwise set forth in this Agreement. All rights and remedies of Franchisor are cumulative and shall be interpreted as cumulative to one another.

## ARTICLE 13
## INSPECTION AND AUDITS

### 13.A. FRANCHISOR'S RIGHT TO INSPECT

Franchisor has the right at any and all times during business hours, throughout the terms of this Agree and without prior notice to Franchisee, to inspect Franchisee's Center. Franchisee shall fully cooperate with representatives of Franchisor making any inspection and permit such representatives of Franchisor to take photographs, videos, and/or recordings of the Franchised Business, interview employees and customers of the Franchised Business, conduct secret-shopper inspections, and other inspections either with or without notice to Franchisee. Franchisor shall undertake reasonable efforts to minimize the impact of any inspection on the operations of the Franchised Business.

### 13.B. FRANCHISOR'S RIGHT TO EXAMINE BOOKS AND RECORDS

Franchisor has the right at any time during business hours, and without prior notice to Franchisee, to examine or audit, or cause to be examined or audited by a third party, the business records, cash control devices, bookkeeping and accounting records, bank statements, sales and income tax records and returns, and other books, statements, and records of the Franchised Business and Franchisee. Franchisee shall maintain complete and accurate copies of all such books, statements, records and supporting documents at Franchisee's Center Facility. Franchisee must fully cooperate with Franchisor, representatives of Franchisor, and third parties hired by Franchisor to conduct any such examination or audit. In the event Franchisor's examination of Franchisee's records reveals that Franchisee underreported any figure to Franchisor by more than 2%, then Franchisee shall reimburse to Franchisor, all of Franchisor's costs in

connection with Franchisor's audit/examination.

## ARTICLE 14
## TRANSFER OF INTEREST

### 14.A. TRANSFER BY FRANCHISOR

At all times, Franchisor possesses and maintains the sole, absolute and unilateral right to Transfer and/or assign Franchisor's rights and obligations under this Agreement and the Ancillary Agreements, in whole and/or in part, for any purpose and in any form of transaction as may be designated and/or elected by Franchisor, in Franchisor's sole discretion, to any person, entity, Corporate Entity and/or third party without the consent of Franchisee and without the approval of Franchisee or any other party. Nothing contained in this Agreement shall prevent, prohibit, restrict, hinder, enjoin or otherwise restrain Franchisor from selling, transferring, conveying, or assigning this Agreement and the Ancillary Agreements, and/or Franchisor's rights and obligations under this Agreement and the Ancillary Agreements, to any person, entity, Corporate Entity or other third party. Franchisor has an unrestricted and unequivocal right to Transfer and/or assign any or all of its rights or obligations under this Agreement and the Ancillary Agreements, in whole or in part, in Franchisor's sole discretion. In the event Franchisor Transfers and/or assigns this Agreement and/or the Ancillary Agreements, and/or any or all of Franchisor's rights and obligations set forth in this Agreement and/or the Ancillary Agreements, to a person, an entity, Corporate Entity, or other third party, this Agreement and the Ancillary Agreements, shall survive, remain in full force and effect, and inure to the benefit of the purchaser, transferee, conveyee, and/or assignee of this Agreement and/or the Ancillary Agreements.

### 14.B. FRANCHISEE MAY NOT TRANSFER WITHOUT FRANCHISOR APPROVAL

Franchisee agrees, and, Franchisee represents and warrants that Franchisee's Owners understand and agree, that the rights and duties set forth in this Agreement are personal to Franchisee and each Owner. Therefore, Franchisee agrees that:

(1) No ownership interest of any Owner in Franchisee may be Transferred without the prior written consent of Franchisor;

(2) No obligations, rights or interest of Franchisee in (a) this Agreement, (b) the lease or ownership interests in Franchisee's Center Location and Franchisee's Center Facility, (c) the Franchised Business, or (d) all or substantially all of the assets of the Franchised Business may be Transferred without the prior written consent of Franchisor. This restriction shall not prohibit Franchisee from granting a mortgage, charge, lien, or security interest in the assets of the Franchised Business or this Agreement for the exclusive purpose of securing financing for the initial development (occurring prior to the Actual Business Commencement Date) of the Franchised Business;

(3) Without limitation to the foregoing, any Transfer by Franchisee respecting and/or relating to this Agreement and/or the Franchised Business and/or assets associated with the Franchised Business will require the prior written consent of Franchisor where such Transfer occurs by virtue of: (a) divorce or legal dissolution of marriage; (b) insolvency; (c) dissolution of a Corporate Entity; (d) last will and testament; (e) intestate succession; or (f) declaration of, or transfer in trust;

(4) Any purported Transfer without the written consent of Franchisor, or otherwise in violation of this Agreement including, but not limited to this Article 14.B. shall constitute a breach of this Agreement and shall convey to the transferee no rights or interests in this Agreement; and

(5) In the event of a Transfer of this Agreement that is approved by Franchisor, Franchisee shall not be relieved of Franchisee's obligations under this Agreement whether said obligations accrued

and/or arose prior to and/or after the date of Transfer.

**14.C. CONDITIONS FOR APPROVAL OF TRANSFER**

Provided Franchisee and each Owner, respectively, are in substantial compliance with this Agreement and the Ancillary Agreements, and Franchisor does not elect to exercise Franchisor's right of first refusal as set forth in Article 14.F. below, Franchisor shall not unreasonably withhold its approval of a Transfer by Franchisee or an Owner. The proposed transferee (including such assignee's owner(s) if the proposed transferee is a Corporate Entity) must be of good moral character, have sufficient business experience, aptitude and financial resources to own and operate an iSmash Center, and otherwise meet Franchisor's then applicable standards for franchisees as determined by Franchisor in its sole, but reasonable discretion. Furthermore, the proposed transferee and the proposed transferee's owners may not own or operate, or intend to own or operate, a Competitive Business. Franchisee agrees that Franchisor may condition approval of a Transfer upon Franchisee's satisfaction (either before, or contemporaneously with, the effective date of the Transfer) of the following:

(1) Franchisee must provide written notice to Franchisor of the proposed Transfer of this Agreement at least 30 days prior to the Transfer, and Franchisee must have also satisfied the obligations set forth in Article 14.F. below;

(2) All accrued monetary obligations of Franchisee and all other outstanding obligations to Franchisor and/or Franchisor's affiliates under this Agreement and the Ancillary Agreements must be satisfied in a timely manner, and Franchisee must satisfy all trade, supplier, and vendor accounts and other debts, of whatever nature or kind, in a timely manner;

(3) Franchisee and each Owner must not be in default or material breach of this Agreement or the Ancillary Agreements;

(4) The transferee shall be bound by all terms and conditions of this Agreement, and each owner of the transferee shall personally execute the Franchise Owner Agreement and Guaranty in the form attached to this Agreement as Exhibit 1. Each owner of the transferee shall also be required to execute such further agreements designated by Franchisor whereby the proposed transferee assumes each and every obligation and responsibility of Franchisee as set forth in this Agreement;

(5) All obligations of Franchisee under this Agreement and the Ancillary Agreements shall be assumed by the transferee, and each individual owner of transferee in a manner satisfactory to Franchisor;

(6) Franchisee and each Owner must execute the General Release attached to this Agreement as Exhibit 8 releasing Franchisor, Franchisor's affiliates and Franchisor's past and present officers, directors, shareholders, members, partners, agents, representatives, independent contractors, servants and employees, of any and all claims against Franchisor for matters arising on, or before, the effective date of the Transfer;

(7) If the proposed Transfer includes or entails the Transfer of this Agreement, substantially all of the assets of the Franchised Business, a controlling interest in Franchisee, or is one of a series of Transfers which in the aggregate Transfers substantially all of the assets of the Franchised Business or a controlling interest in Franchisee, then, at the election of Franchisor and upon notice from Franchisor to Franchisee, the transferee may be required to execute (and/or, upon Franchisee's request, shall cause all interested parties to execute) for a term ending on the expiration date of the original Term of this Agreement, the then current standard form Franchise Agreement offered to new franchisees of iSmash Centers and any other agreements as Franchisor requires. Such

agreements shall supersede this Agreement and its associated agreement in all respects, and the terms of Franchisor's then current agreements may differ from the terms in this Agreement, provided that such agreements shall provide for the same Royalty Fee, Advertising Contributions, and all other financial or monetary obligations established in this Agreement;

(8) Unless Franchisee has met the requirements of Article 3.E. within the five year period immediately preceding the Transfer, the transferee, at its expense, must improve, modify, refurbish, renovate, remodel, and/or otherwise upgrade Franchisee's iSmash Center Facility to conform to the then current standards and specifications of Franchisor, and the transferee must complete such improvements, modifications, refurbishments, renovations, remodeling, and/or upgrading within the time period Franchisor reasonably specifies;

(9) At the transferee's expense, the transferee, and the transferee's Managing Owner, managers and/or any other applicable employees of transferee's iSmash Center must complete any training programs then in effect for franchisees of iSmash Centers upon terms and conditions set forth in this Agreement or as Franchisor otherwise reasonably requires;

(10) Franchisee must pay the Transfer Fee to Franchisor;

(11) Franchisor's approval of the material terms and conditions of the Transfer, and Franchisor determines in Franchisor's Reasonable Business Judgment that the price and terms of payment are not so burdensome as to be detrimental to the future operations of the Franchised Business by the transferee;

(12) Transferee's employees, directors, officers, independent contractors, and agents who will have access to Confidential Information shall execute the Confidentiality Agreement attached hereto as Exhibit 2;

(13) Franchisee entering into an agreement with Franchisor agreeing to subordinate any obligations of transferee to make installment payments of the purchase price to Franchisee to the transferee's obligations to Franchisor, including, without limitation, transferee's obligations with respect to Royalty Fees or Advertising Contributions;

(14) Franchisee and transferee acknowledge and agree that Franchisor's approval of the Transfer indicates only that the transferee meets, or Franchisor waived, the criteria established by Franchisor for franchisees as of the time of such transfer, and Franchisor's approval thereof does not constitute a warranty or guaranty by Franchisor, express or implied, of the suitability of the terms of sale, successful operation, or profitability of the Franchised Business;

(15) Franchisee and transferee acknowledge and agree that Franchisor's approval of the Transfer at issue does not constitute Franchisor's approval of future or other Transfers or the waiver of the requirement that Franchisor must approve such future or other Transfers in accordance with this Agreement;

(16) The Transfer must be made in compliance with all applicable laws;

(17) The Transfer of the Franchised Business, the lease for Franchisee's iSmash Center Facility, Center Location and the assets of the Franchised Business shall be made only in conjunction with a Transfer of this Agreement, approved by Franchisor in accordance with and subject to this Article 14 and the terms and conditions of this Agreement; and

(18) Franchisor's consent to a Transfer of any interest that is subject to the restrictions of this Agreement shall not constitute a waiver of any claims it may have against Franchisee or deemed a waiver of Franchisor's right to demand strict and exact compliance with this Agreement by the transferee.

**14.D. DEATH OR DISABILITY OF FRANCHISEE OR AN OWNER**

(1) If Franchisee is an individual and not a Corporate Entity, upon the death or permanent disability of Franchisee, the executor, administrator, conservator or other personal representative of Franchisee, must appoint a manager that meets the equivalent of an Operating Manager within a reasonable time, which shall not exceed 30 days from the date of death or permanent disability. The appointed manager (as applicable) must serve and qualify as an Operating Manager and attend and successfully complete the Training Program within 60 days of the appointment. If Franchisee's Center is not being managed by a Franchisor approved Operating Manager (as applicable) within 30 days after such death or permanent disability, Franchisor is authorized, but is not required, to immediately appoint a manager to maintain the operations of Franchisee's Center for, and on behalf of, Franchisee at Franchisee's sole costs until an approved Operating Manager is able to assume the management and operation of Franchisee's Center. Franchisor's appointment of a manager for Franchisee's Center does not relieve Franchisee of its obligations under this Agreement, including this Article 14.D., or constitute a waiver of Franchisor's right to terminate this Agreement pursuant to Article 16, below. At all times, including while Franchisee's Center may be managed by Franchisor's appointed manager, Franchisor shall not be liable for any debts, losses, costs, or expenses incurred in the operations of Franchisee's Center or to any creditor of Franchisee for any products, materials, supplies or services purchased by Franchisee's Center. Franchisor has the right to charge a reasonable fee for such management services and may cease to provide management services at any time.

(2) If Franchisee is a Corporate Entity, upon the death or permanent disability of Franchisee's Managing Owner, the remaining Owners within a reasonable time, which shall not exceed 30 days from the date of death or permanent disability must appoint a new Managing Owner that is approved by Franchisor. The appointed Managing Owner must attend and successfully complete the Training Program within 60 days of the appointment. If Franchisee's Center is not being managed by a Franchisor approved Managing Owner (as applicable) within 30 days after such death or permanent disability, Franchisor is authorized, but is not required, to immediately appoint a manager to maintain the operations of Franchisee's Center for, and on behalf of, Franchisee at Franchisee's sole costs until an approved Managing Owner is able to assume the management and operation of Franchisee's Center. Franchisor's appointment of a manager for Franchisee's Center does not relieve Franchisee of its obligations under this Agreement, including this Article 14.D., or constitute a waiver of Franchisor's right to terminate this Agreement pursuant to Article 16, below. At all times, including while Franchisee's Center may be managed by Franchisor's appointed manager, Franchisor shall not be liable for any debts, losses, costs, or expenses incurred in the operations of Franchisee's Center or to any creditor of Franchisee for any products, materials, supplies or services purchased by Franchisee's Center. Franchisor has the right to charge a reasonable fee for such management services and may cease to provide management services at any time.

Notwithstanding the foregoing, if Franchisee is a Corporate Entity and the Managing Owner is the only Owner of Franchisee, then Article 14.D.(1) shall apply as if the Managing Owner were the sole individual Franchisee.

(3) Upon the death of Franchisee or any Owner, the executor, administrator, conservator or other personal representative of that deceased person must transfer his interest to a person Franchisor

approves within a reasonable time, not to exceed 12 months from the date of death.

(4) If Franchisee is an individual, then in the event of the death or permanent disability of Franchisee, this Agreement may be Transferred to any designated person, heir or beneficiary without the payment of the Transfer Fee. Notwithstanding the immediately foregoing sentence, the Transfer of this Agreement to such transferee of Franchisee shall be subject to the applicable terms and conditions of this Article 14, and the Transfer shall not be valid or effective until Franchisor has received the properly executed legal documents, which Franchisor's attorneys deem necessary to properly and legally document such Transfer of this Agreement. Furthermore, said transferee must agree to be unconditionally bound by the terms and conditions of this Agreement, personally guarantee the performance of Franchisee's obligations under this Agreement, and execute the Franchise Owner Agreement and Guaranty attached to this Agreement as Exhibit 1.

**14.E. TRANSFER TO WHOLLY OWNED CORPORATE ENTITY**

In the event Franchisee is an individual/are individuals, this Agreement may be Transferred by Franchisee to a Corporate Entity (the "Assignee Corporate Entity"), provided that: (a) Franchisee has provided Franchisor with 30 days prior written notice of the proposed Assignment of this Agreement; (b) Franchisee (individually, jointly and severally as to each individual Franchisee) sign and be bound by the Franchise Owner Agreement and Guaranty attached to this Agreement as Exhibit 1; (c) Franchisee has provided Franchisor with true and accurate copies of corporate formation documents related to the Assignee Corporate Entity and the ownership of the Assignee Corporate Entity and has further provided Franchisor with all additional documentation as Franchise may request concerning the proposed assignment and/or Assignee Corporate Entity; and (d) Franchisee is otherwise in compliance with the terms and conditions of this Agreement and any Ancillary Agreements. Franchisee agrees that an assignment to an Assignee Corporate Entity shall not relieve Franchisee of Franchisee's individual obligations under this Agreement as such obligations existed between Franchisee and Franchisor prior to the date of any assignment to the Assignee Corporate Entity.

**14.F. FRANCHISOR'S RIGHT OF FIRST REFUSAL**

If Franchisee or an Owner desires to engage, in whole or in part, in a Transfer of Franchisee, this Agreement, Franchisee's Center, Franchisee's Center Facility, and/or Franchisee's Center Location, then Franchisee or such Owner (as applicable) must obtain a bona fide, signed written offer from the fully disclosed purchaser (the "Offer") and submit an exact copy of the Offer to Franchisor. Franchisor shall have 30 days after receipt of the Offer to decide whether Franchisor will purchase the interest in Franchisee, Franchisee's Center, Franchisee's Center Facility, and/or Franchisee's Center Location for the same price and upon the same terms contained in the Offer (however, Franchisor may substitute cash for any form of payment proposed in the Offer). If Franchisor notifies Franchisee that Franchisor intends to purchase the interest within said 30 day period, Franchisee or Owner (as applicable) must sell the interest to Franchisor. Franchisor will have at least an additional 60 days to prepare for closing. Franchisor shall be entitled to receive from Franchisee or Owner (as applicable) all customary representations and warranties given by Franchisee or Owner (as applicable) as the seller of the assets and/or the ownership interest or, at Franchisor's election, the representations and warranties contained in the offer. If Franchisor does not exercise its right of first refusal, Franchisee or Owner (as applicable) may complete the Transfer to the purchaser pursuant to and in accordance with the terms of the Offer, provided that separate and apart from this Article 14.F. right of first refusal, Franchisee complies with the terms of this Article 14. However, if the sale to the purchaser is not completed within 120 days after delivery of the Offer to Franchisor, or there is a material change in the terms of the sale, Franchisor will again have the right of first refusal specified in this Article 14.F. Franchisor's right of first refusal in this Article 14.F. shall not apply to any Transfer pursuant to Article 14.E. of this Agreement.

## ARTICLE 15
## RENEWAL OF FRANCHISE

### 15.A. FRANCHISEE'S RIGHT TO RENEW

Subject to Franchisee's satisfaction of the terms of this Agreement, including this Article 15, Franchisee shall possess the option to renew the franchise for Franchisee's continued license and franchised operation of the Franchised Business for one additional 10 year term (the "Renewal Term"). The foregoing Renewal Term shall not be afforded to or available to Franchisee if, prior to the Effective Date of this Agreement, the Franchised Business was previously operated or developed pursuant to a prior Franchise Agreement with Franchisor or Franchisor's predecessors respecting the Franchised Business.

### 15.B. CONDITIONS FOR RENEWAL

Franchisee's renewal rights under this Article 15 are subject to and contingent upon Franchisee's satisfaction of the following conditions and criteria:

(1) Not less than 180 days prior to the expiration of the initial Term Franchisee must provide Franchisor written notice (the "Renewal Notice") of Franchisee's election to renew;

(2) At the time of delivering the Renewal Notice and at all times thereafter, Franchisee and Franchisee's Owners must be in compliance with the terms of this Agreement and all Ancillary Agreements, and without any default of this Agreement or the Ancillary Agreements;

(3) Franchisee must possess, present, and demonstrate to Franchisor and, subject to Franchisor's reasonable satisfaction, that: (a) Franchisee maintains and has secured the legal right to remain in possession of Franchisee's Center Facility and Center Location through the entire Renewal Term or; (b) Franchisee has selected a proposed new Center Location within the Designated Territory that Franchisor, at Franchisor's sole discretion, has approved in writing and that may be timely developed by Franchisee, in accordance with Franchisor's standards and specifications, for the development and operation of the Franchisee's Center throughout the duration of the Renewal Term;

(4) Franchisee must update and/or agree to update the condition, appearance and functionality of Franchisee's Center Facility and Franchisee's Center Location and to otherwise modify Franchisee's Center Facility and Franchisee's Center Location in compliance with Franchisor's specifications and standards then applicable for new iSmash Centers;

(5) Franchisee pays the Renewal Fee and Franchisee agrees to, signs, and delivers to Franchisor, within 30 days of the date of delivery by Franchisor to Franchisee, Franchisor's then current form Center Franchise Agreement for the Renewal Term (the "Renewal Franchise Agreement");

(6) Franchisee's Owners must agree to, sign, and deliver to Franchisor, within 30 days of the date of delivery by Franchisor to Franchisee, Franchisor's then current individual guaranty agreements, and, thereby, among other things, individually and jointly guarantee the full and complete performance of the Renewal Franchise Agreement including, but not limited to, payment obligations, non-compete obligations, and restrictive covenants (the "Renewal Ancillary Agreements");

(7) Franchisee and the Owners must, prior to the Renewal Term, undertake and complete, to Franchisor's satisfaction, such additional training, if any, as designated and determined by Franchisor in Franchisor's Reasonable Business Judgment; and

(8) Franchisee and the Owners must agree to, sign, and deliver to Franchisor, within 30 days of the date of delivery by Franchisor to Franchisee, Franchisor's then current form of general release whereby Franchisee and Franchisee's Owners shall each fully release and discharge Franchisor, Franchisor's affiliates and it's officers, directors, shareholders, partners, agents, representatives, independent contractors, servants, employees, successors and assigns from any and all claims, causes of action, and suits arising from and/or related to this Agreement. If local law precludes Franchisee's issuance of a general release, Franchisor at Franchisor's election, may condition renewal on Franchisee and each Owners delivery to Franchisor of an estoppel letter advising and informing Franchisor that the undersigned possesses no legal claim or cause of action against Franchisor and is not aware of any facts of circumstances involving any breach of this Agreement by Franchisor or Franchisor's agents or employees.

Failure by Franchisee, and, as applicable, each Owner to timely comply with the foregoing conditions shall be deemed an election by Franchisee not to renew the franchise.

### 15.C. RENEWAL FRANCHISE AGREEMENT

Franchisee expressly acknowledges and agrees that the Renewal Franchise Agreement and Renewal Ancillary Agreements, as determined by Franchisor in Franchisor's sole discretion, may contain terms, conditions, requirements, and rights that are materially and substantively different from those granted and contained in this Agreement.

## ARTICLE 16
## DEFAULTS, TERMINATION AND REMEDIES

### 16.A. DEFAULTS BY FRANCHISEE AND TERMINATION BY FRANCHISOR

(1) **Defaults and Automatic Termination** – Franchisee shall be in default of this Agreement, and, this Agreement shall be automatically and immediately terminated, without notice to Franchisee and without providing Franchisee any opportunity to cure, upon the occurrence of any one or more of the following actions, inactions, omissions, events, and/or circumstances:

(a) Franchisee becomes insolvent, and/or Franchisee makes a general assignment for the benefit of creditors or takes any other similar action for the protection or benefit of creditors;

(b) Franchisee admits in writing Franchisee's inability to pay its debts as they mature, and/or Franchisee gives notice to any governmental body or agency of insolvency, pending insolvency, suspension of operations and/or pending suspension of operations;

(c) Franchisee files a voluntary petition in bankruptcy, Franchisee is adjudicated bankrupt or insolvent, and/or Franchisee files any petition or answer seeking any reorganization, arrangement, composition, readjustment, liquidation, dissolution or other similar relief under any applicable federal and/or state law relative to bankruptcy, insolvency or similar relief for debtors;

(d) An involuntary petition in bankruptcy is filed against Franchisee and Franchisee fails to have the involuntary petition discharged within 35 days of the petition filing, and/or Franchisee seeks, consents to, or acquiesces in, the appointment of any trustee, receiver, conservator, custodian or liquidator for Franchisee's business or any assets of Franchisee;

(e) A bill in equity or other proceeding for the appointment of any trustee, receiver, conservator, custodian or liquidator of Franchisee for Franchisee's business or any assets of Franchisee is filed and Franchisee consents to same;

(f) A court of competent jurisdiction appoints or orders any trustee, receiver, conservator, custodian or liquidator for Franchisee's business or any assets of Franchisee and such appointment or order remains for an aggregate of 60 days, whether or not consecutive, from the date of entry thereof;

(g) Franchisee initiates proceedings for a composition with creditors under any state or federal law or such a proceeding is initiated against Franchisee;

(h) This Agreement, or any of Franchisee's rights under this Agreement, is levied upon under any attachment or execution, and/or Execution is levied upon or against the Franchised Business or any assets of Franchisee, and/or a final judgment against Franchisee remains of record or unsatisfied for 30 days or more, unless an appeal and/or bond is filed;

(i) Franchisee is dissolved, and/or Franchisee's leasehold interests and/or rights in or to Franchisee's Center Location are terminated;
(j) A cause of action or lawsuit to foreclose any lien or mortgage against Franchisee's Center Location if Franchisee is the fee simple owner of Franchisee's Center Location;

(k) A cause of action or lawsuit to foreclose any lien against equipment used in the operation of Franchisee's Center or located at Franchisee's Center Location is instituted against Franchisee and not dismissed within 60 days after the summons is served on Franchisee;

(l) Real or personal property of Franchisee used in the operation of Franchisee's Center is sold after levy thereupon by any sheriff, marshal or other law enforcement officer; and/or

(m) Upon termination by Franchisor pursuant to Article 16.A.(2), Article 16.A.(3), or Article 16.A.(4) of this Agreement.

(2) **Defaults and Automatic Termination upon Written Notice without Cure Period** – Franchisee shall be in default of this Agreement, and, this Agreement may be terminated by Franchisor, at Franchisor's sole discretion, upon written notice from Franchisor to Franchisee and without providing Franchisee any opportunity to cure, upon the occurrence of any one or more of the following actions, inactions, omissions, events, and/or circumstances, with such termination effective on the date of Franchisor's notice:

(a) Franchisee, on three or more instances and/or occasions, engages, commits, and/or suffers an action, inaction, omission, event, and/or circumstance that constitutes or qualifies as a default under Articles 16.A.(3) and/or 16.A.(4) of this Agreement, irrespective of whether or not such action, inaction, omission, event, and/or circumstance is the subject of a notice of default from Franchisor to Franchisee pursuant to Articles 16.A.(3) and/or 16.A.(4) of this Agreement and irrespective of whether or not such default was timely cured and irrespective of whether or not Franchisee paid any penalties or additional fees to Franchisor;

(b) Franchisee, intentionally and knowingly, refuses to comply with and/or breaches any term, condition, provision, and/or requirement of this Agreement with the intent of causing harm to Franchisor, the System, other System franchisee and/or customers of the Franchised Business;

(c) Franchisee intentionally, knowingly, with prior notice, and/or through negligence, at any time, develops, manages, maintains, and/or operates the Franchised Business in violation of federal, state, and/or local laws, rules, regulations, ordinances, permits, codes and/or conduct

resulting in a foreseeable, immediate and/or imminent threat to the health and/or safety of any third party including customers, employees, and/or the public at large;

(d) Franchisee abandons, surrenders and/or fails to continuously and actively operate the Franchised Business, unless prevented from doing so by casualty that is the subject of Article 7.D. of this Agreement and that is cured/remedied in with Article 7.D.;

(e) Franchisee loses and/or fails to maintain possession of the leasehold and/or other legal interests providing Franchisee with the uninterrupted legal right and ability to occupy and to continue to occupy Franchisee's Center Facility throughout the Term and to maintain and operate Franchised Business in accordance with the terms of this Agreement and the standards, specifications, and requirements set forth in the Operations Manual and/or as otherwise communicated by Franchisor from time to time;

(f) Franchisee and/or Franchisee's Owners intentionally misrepresent and/or omit material information in any submitted application and during the application process;

(g) As to information, records, statements, and/or data that Franchisee must maintain and/or report to Franchisor pursuant to the terms of this Agreement, the Operations Manual, or as otherwise requested by Franchisor from time to time, the information, records, statements, and/or data maintained by Franchisee and/or reported by Franchisee contains intentional inaccuracies and/or material inaccuracies that are either misleading or false;

(h) Franchisee attempts to Transfers or, purportedly attempts to Transfer, this Agreement or any of Franchisee's rights under this Agreement, without Franchisor's prior approval, written consent, and/or otherwise not in accordance with this Agreement;

(i) If Franchisee is a Corporate Entity, an Owner of Franchisee attempts to Transfer or, purportedly Transfers, the Owners equity interests, ownership interests, and/or rights in Franchisee without Franchisor's prior approval, written consent, and/or otherwise not in accordance with this Agreement;

(j) Franchisee discloses, divulges, provides access to, communicates, and/or permits the communication of the contents, data and/or information contained in the Operations Manual to any third party not otherwise authorized by Franchisor;

(k) Franchisee discloses, divulges, provides access to, communicates, and/or permits the communication of Confidential Information to any third party not otherwise authorized by Franchisor;

(l) Franchisee disparages the Franchisor and/or engages in any activity that injures, harms, damages, or otherwise has a material adverse effect on Franchisor, the System, the Licensed Marks, iSmash Centers, Franchisee's Center, and/or the reputation of the iSmash brand;

(m) Franchisee, an Owner, as applicable and whether individually or jointly, breaches or is in default of an Ancillary Agreement, and, if the applicable agreement provides for the opportunity to cure, fails to timely cure the breach or default of the Ancillary Agreement, including, without limitation, the Franchise Owner Agreement and Guaranty;

(n) Franchisee and/or an Owner of Franchisee is convicted of a felony crime, and/or pleads guilty or nolo contendere to a felony crime;

(o) Franchisee and/or an Owner of Franchisee engages in intentionally dishonest and/or unethical conduct that, in Franchisor's Reasonable Business Judgment, results in embarrassment to Franchisor, the System, the Licensed Marks, iSmash Centers, Franchisee's Center, and/or the reputation of the iSmash brand;

(p) Franchisee fails to complete, to Franchisor's reasonable satisfaction, the Training Program and/or supplemental training programs designated by Franchisor;

(q) Franchisee fails, upon receiving actual or constructive notice, shall: (1) immediately notify Franchisor of any known breach of the Confidentiality Agreement by any person or entity; (2) immediately notify Franchisor of facts and information that would cause a reasonable person to believe that a person or entity violated the Confidentiality Agreement and/or is in the process of violating the Confidentiality Agreement; and (3) take reasonable steps including ,notice to Franchisor and Franchisee's consultation with Franchisee's legal counsel, to prevent any person or entity from violating the terms of the Confidentiality Agreement and/or otherwise publicly disseminating Confidential Information;

(r) Franchisee misappropriates, misuses, or makes any unauthorized use of the Licensed Marks, the Confidential Information, and/or the System and/or Franchisee materially impairs the goodwill associated with the Licensed Marks, and/or Franchisee applies for registration of the Licensed Marks anywhere in the world; and/or

(s) Franchisee and/or an Owner fails to comply with Anti-Terrorism Laws or becomes listed on the Annex to Executive Order 13244.

(3) **Defaults and Automatic Termination After 10 Day Cure Period** – Franchisee shall be in default of this Agreement and, this Agreement shall be terminated, upon the occurrence of any one or more of the following actions, inactions, omissions, events, and/or circumstances, unless, Franchisee timely cures, to the satisfaction of Franchisor, such default / action, inaction, omission, event, and/or circumstance within 10 calendar days of Franchisor's written notice:

(a) Franchisee fails, refuses, and/or is unable to timely pay the Royalty Fee, Advertising Contribution, and/or any other payment, fee, financial obligation, charge, and/or monetary obligation payable and/or due to Franchisor pursuant to the terms of this Agreement, under this Agreement, and/or any other agreement between Franchisor and Franchisee;

(b) Franchisee and/or Franchisee's affiliate fails, refuses, and/or is unable to pay any payment, fee, financial obligation, charge, and/or monetary obligation payable to Franchisor and/or Franchisor's affiliates pursuant to this Agreement and/or any other agreement between or among Franchisor, Franchisor's affiliate, Franchisee and/or Franchisee's affiliate; and/or

(c) Franchisee fails or refuses, at any time, and, without legal justification as may be determined by Franchisor in Franchisor's Reasonable Business Judgment, to pay any third party supplier or vendor for any goods, products, supplies, equipment, materials and/or any other items used by, benefitting, and/or intended to benefit the Franchised Business.

The foregoing events of default set forth in this Article 16.A.(3) shall exclude events of default that are otherwise governed by and/or constitute events of default under Article 16.A.(1) or Article 16.A.(2). In the event of any inconsistency or conflict between the provisions of this Article 16.A.(3) with Article 16.A.(1), Article 16.A.(1) shall take precedence and govern. In the event of

any inconsistency or conflict between the provisions of this Article 16.A.(3) with Article 16.A.(2), Article 16.A.(2) shall take precedence and govern.

(4) **Defaults and Automatic Termination After 30 Day Cure Period** – Franchisee shall be in default of this Agreement and, this Agreement shall be terminated, upon the occurrence of any one or more of the following actions, inactions, omissions, events, and/or circumstances, unless, Franchisee timely cures, to the satisfaction of Franchisor, such default / action, inaction, omission, event, and/or circumstance within 30 calendar days of Franchisor's written notice:

(a) Franchisee fails or refuses to comply with and/or breaches any term, condition, provision, and/or requirement of this Agreement that is not otherwise a default under Articles 16.A.(1), 16.A.(2), or 16.A.(3) of this Agreement;

(b) Franchisee fails or refuses to comply with and/or breaches any term, condition, provision, and/or requirement of any agreement, other than this Agreement, between Franchisor and Franchisee, and/or an affiliate of Franchisor and Franchisee;

(c) Franchisee fails or refuses, in accordance with the terms of this Agreement, to obtain and secure a signed lease agreement or fee simple ownership interest in a Center location that is approved by Franchisor, in Franchisor's Reasonable Business Judgment, as Franchisee's Center Location;

(d) Franchisee fails or refuses to develop and open the Franchised Business on or before the Scheduled Business Commencement Date, in compliance with the terms of this Agreement, as designated or specified in the Operations Manual, and/or in accordance with Franchisor's standards and specifications as communicated to Franchisee from time to time;

(e) Franchisee fails or refuses, at any time, to manage, maintain, and/or operate the Franchised Business in compliance with the terms of this Agreement, as designated or specified in the Operations Manual, and/or in accordance with Franchisor's standards, specifications, and requirements as communicated to Franchisee from time to time;

(f) Franchisee fails or refuses, at any time, to develop, manage, maintain, and/or operate the Franchised Business in compliance with all applicable federal, state, and local laws, rules, regulations, ordinances, permits, and codes;

(g) At any time, an inspection and/or evaluation of the operations of the Franchised Business – whether by mystery shopper programs, third party inspection services, or as otherwise designated by Franchisor, and, whether or not such inspections are on notice or secret – Franchisor, in Franchisor's Reasonable Business Judgment, determines that the operations of the Franchised Business do not meet or are in violation of the operational standards and requirements set forth in this Agreement, the Operations Manual, and/or as communicated to Franchisee from time to time;

(h) Franchisee fails or refuses to timely submit to Franchisor records, reports, stored media, recordings, financial statements, books, accounts, statements, data, documentation and/or other information as required by this Agreement, as set forth in the Operations Manual, and/or as requested by Franchisor

(i) If any inspection or review of Franchisee's records, reports, books, accounts, statements, data, documentation and/or other information discloses, within any week, month, or Accounting Period selected by Franchisor, the underreporting of Franchisee's Gross Sales,

and/or any other metrics or data, resulting in the underpayment, by 5% or more, of the obligations, payments, and/or fees due by Franchisee to Franchisor under the terms of this Agreement;

(j) Franchisee fails or refuses, at any time, to maintain the required insurance policies and insurance coverage required for the Franchised Business as set forth in this Agreement, and/or in the Operations Manual; and/or

(k) Franchisee fails to timely satisfy and pay all vendors, suppliers and/or contractors in connection with the development, construction, and/or establishment of the Franchised Business.

The foregoing events of default set forth in this Article 16.A.(4) shall exclude events of default that are otherwise governed by and/or constitute events of default under Article 16.A.(1) or Article 16.A.(2). In the event of any inconsistency or conflict between the provisions of this Article 16.A.(4) with Article 16.A.(1), Article 16.A.(1) shall take precedence and govern. In the event of any inconsistency or conflict between the provisions of this Article 16.A.(4) with Article 16.A.(2), Article 16.A.(2) shall take precedence and govern.

**16.B. TERMINATION BY FRANCHISEE**

If Franchisee and each Owner are in full compliance with each and every term and provision of this Agreement, any amendment or successor agreement, and any of the Ancillary Agreements, and Franchisor materially breaches Franchisor's substantive and material obligations set forth in this Agreement, Franchisee may terminate this Agreement in the event of the following:

(1) Franchisor does not correct the material breach within 30 days after Franchisor's receipt of Franchisee's written notice of such material breach to Franchisor; or

(2) In a case where Franchisor's material breach cannot reasonably be cured within 30 days, within 30 days of Franchisor's receipt of Franchisee's written notice of Franchisor's material breach, Franchisor shall be provided a reasonable time period to cure such material breach provided that Franchisor provides reasonable evidence to Franchisee of Franchisor's current, continuing and/or planned efforts to correct the material breach within a reasonable time.

In either case, Franchisee's termination of this Agreement shall not take effect until expiration of the 30 day period set forth above and or such reasonable time period as necessary to cure the material breach, and Franchisee delivers to Franchisor a separate written notice of termination. The termination date must be at 10 days after Franchisor's receipt of Franchisee's notice of termination. Franchisee's termination of this Agreement for any reason other than as set forth in this and in compliance with this Article 16.B. shall not constitute the termination of this Agreement and shall constitute a material breach of this Agreement by Franchisee.

**16.C. FRANCHISOR'S ADDITIONAL RIGHTS, REMEDIES, AND DAMAGES**

Franchisee agrees that Article 16.A. sets forth actions, inactions, omissions, events, and/or circumstances that, among other things, constitute, in each and every instance and subject to any applicable cure period, if any, a default of this Agreement permitting Franchisor to, among other things, terminate this Agreement and/or resulting in the automatic termination of this Agreement. The grounds constituting a default under Article 16.A. are in addition to any and all other grounds for default as may be otherwise set forth in the Franchise Agreement. In the event of an event of default of this Agreement by Franchisee under Article 16.A. or, as otherwise set forth in this Agreement, Franchisee agrees that termination of this Agreement is not the sole or exclusive remedy of Franchisor and that Franchisor's right or remedy of termination shall

be in addition to any and all other rights set forth in this Agreement, and as otherwise available to Franchisor in law or equity.

Without limitation to the foregoing, additionally, in the event of the termination of this Agreement as a result of a default or breach by Franchisee and/or, by Franchisee's Owners and/or affiliates of any Ancillary Agreements, Franchisor, in addition to any and all other rights and remedies available to Franchisor as set forth in this Agreement, and, at law and in equity, shall possess the following rights and remedies, each of which are not exclusive of the other and may be/are in conjunction with one another:

(1) To void and terminate this Agreement, and thereafter to market, sell, transfer, convey and assign the rights granted to Franchisee under this Agreement to any other person or entity in Franchisor's sole discretion and without compensation to Franchisee.

(2) To hold Franchisee and Franchisee's Owners liable for, and recover from each of them, jointly and severally, all payments, fees, monetary obligations, financial obligations, interest, and charges due and owing to Franchisor from Franchisee pursuant to this Agreement, the Ancillary Agreements, and/or any other agreements between Franchisee and Franchisor, including, without limitation, Royalty Fees and Advertising Contributions with each and every payment and obligation to be accelerated and due immediately.

(3) To hold Franchisee and Franchisee's Owners liable for, and recover from each of them, jointly and severally, lost revenues, profits, and fees including, but not limited to Royalty Fees, Brand Development Fund Fee, Advertising Contributions, and all other fees, revenues and/or expenses that would have been paid to Franchisor, under the terms of this Agreement to a sum equal to the average Royalty Fees, Brand Development Fund Fee, Advertising Contributions, and all other fees earned (even if not paid) per month over the twelve (12) month period preceding the date of termination (or, if the Franchised was not open throughout such twelve (12) month period, then the average fees earned per month for the period in which your Center was open), multiplied by eighteen (18) or the number of months remaining in the then-current term of this Agreement, whichever is less. In calculating and determining the foregoing Franchisee agrees that in calculating and in determining such damages that it is fair and reasonable to use Franchisee's most recent calendar year Gross Sales in calculating and determining Franchisor lost revenues and fees and by assuming that such Gross Sales would have been earned in each and every year throughout the remainder of the Term had this Agreement not been terminated. If, however, the Franchised Business has been open and in operation for less than one calendar year, Franchisee agrees that it is fair and reasonable to use an average of Center Gross Sales across the System during the year in which this Agreement was terminated and to use such average Gross Sales for the purpose of calculating and determining Franchisor lost revenues and fees and, in doing so, by assuming that such Gross Sales would have been earned in each and every year throughout the remainder of the Term had this Agreement not been terminated. Franchisee agrees that the foregoing is a form of liquidated damages, and that it is fair and reasonable.

(4) To hold Franchisee and Franchisee's Owners liable for all costs, fees, expenses, and/or damages incurred by Franchisor and/or suffered by Franchisor as a result of a breach or termination including, but not limited to, the recovery of reasonable attorney fees and expenses including court costs, arbitration fees, mediation fees, arbitrator fees, mediator fees, depositions and other related expenses.

(5) To enjoin, restrain, and otherwise prohibit Franchisee from operating Franchisee's Center or exercising any rights granted to Franchisee under this Agreement pursuant to a court order restraining order, injunction or other means.

(6) Declaratory judgment that this Agreement and all rights granted to Franchisee under this Agreement are terminated, null and void.

(7) All other remedies and/or rights available to Franchisor as otherwise set forth in the Agreement and/or as may be otherwise available by law or equity.

In the event of a breach or default of this Agreement, should Franchisor elect, at Franchisor's sole discretion, to not terminate this Agreement, such action shall be without prejudice and without waiver of Franchisor's rights in the future. Further, at all times, and without prejudice to Franchisor's right to declare a default and, among other things, terminate this Agreement, Franchisor may: (i) temporarily or permanently suspend any existing credit arrangements or accommodations previously extended to Franchisee and/or refrain from offering or making available to Franchisee any credit arrangements or accommodations that may be offered or made available to other System franchisees; (ii) modify payment terms for approved products, supplies, or other merchandise purchased by Franchisee which may include, without limitation, requiring cash on delivery; (iii) disqualify Franchisee from being eligible for, or from participating in, special promotion programs, rebates, and/or rebate sharing that may be offered or made available to other System franchisees; and/or (iv) refrain from providing or making available to Franchisee promotional materials or other materials developed by the Brand Development Fund and/or Advertising Cooperative.

If Franchisor does not pursue termination of this Agreement in the event of a default or breach by Franchise, and/or Franchisor accepts any royalties, payments, contributions, funds, or other monetary sums from Franchisee, such actions do not constitute a waiver or acceptance of Franchisee's default or breach, and Franchisor reserves the right to pursue any and all additional remedies set forth in this Agreement, at law, or in equity. Franchisor's such rights and remedies are cumulative, and no exercise or enforcement by Franchisor of any such right or remedy precludes the exercise or enforcement by Franchisor of any other right or remedy which Franchisor is entitled by law to enforce.

## ARTICLE 17
## OBLIGATIONS UPON TERMINATION, EXPIRATION AND CONTINUING OBLIGATIONS

### 17.A. PAYMENT OF AMOUNTS OWED TO FRANCHISOR

Without limitation as to any other Article or provision of this Agreement, upon expiration or termination of this Agreement for any reason, Franchisee shall immediately pay to Franchisor all sums and fees due from Franchisee to Franchisor under the terms of this Agreement including, but not limited to Royalty Fees and Advertising Contributions and all other sums and fees due from Franchisee to Franchisor and/or Franchisor affiliates and/or suppliers for products and services including, but not limited to, System Supplies.

### 17.B. CEASE OPERATIONS AND PROTECTION OF THE SYSTEM

Upon expiration, termination, or Transfer of this Agreement for any reason, Franchisee shall immediately:

(1) Permanently cease to be a franchise owner of the Center that was the subject of this Agreement and cease to operate such Center under the System;

(2) Refrain from directly or indirectly, holding oneself/itself out to any person or entity, or represent themselves/itself as a present or former iSmash franchisee;

(3) Permanently cease to use, in any manner: (a) the System including, without limitation, the Confidential Information, the Licensed Marks, the Business Management System Data, and the

Operations Manual; (b) any methods, procedures, or techniques associated with the System in which Franchisor possesses proprietary rights or constitute Franchisor's trade secrets; (c) System Supplies, including communicating with or ordering products from Franchisor's designated suppliers and vendors of System Supplies; (d) the Approved Services and Products; and (e) any other advertising, marketing, media, and any other information, documents or things associated with Franchisor, the System, the Licensed Marks, iSmash Centers, the Franchised Business, and Franchisee's former iSmash Center, including, without limitation, any confidential, proprietary methods, procedures, descriptions of products, techniques, trade secrets, proprietary marks, distinctive forms, slogans, symbols, signs, stationary, advertising material, articles, logos, devices, items and all other things, tangible or intangible, associated with Franchisor, the System, the Licensed Marks, and iSmash Centers;

(4) Return to Franchisor the Operations Manual (including any and all parts, supplements, and copies of the Operations Manual), the Confidential Information (including without limitation the Business Management System Data and all customer lists and information), and all other confidential materials, equipment, software, information, and property owned by Franchisor and all copies thereof provided, however, that Franchisee may retain Franchisee's copies of this Agreement, correspondence between Franchisor and Franchisee, but not including Confidential Information that may be contained in or attached thereto, and other documents that Franchisee needs to retain pursuant to applicable law;

(5) Permanently cease accessing, immediately disconnect from, and discontinue using any and all digital media, intra-nets, cloud based systems, and/or servers that store, maintain, and/or provide access to the Operations Manual, Confidential Information, and all other standards, specifications of Franchisor;
(6) Immediately notify Franchisor, in writing, of any and all locations where Franchisee may have maintained and/or stored digital files and/or media containing all or parts of the Operations Manual, any Confidential Information, and all other standards and specifications of Franchisor, immediately turn over such digital files and media to Franchisor, and follow Franchisor's instructions as to the destruction of such digital files and media;

(7) Except in the event an authorized transferee continues to operate Franchisee's former Center at Franchisee's Center Location subsequent to a Transfer, at Franchisee's sole cost and expense: (a) modify and alter Franchisee's former Center, Franchisee's former Center Facility, and Franchisee's Center Location, as reasonably necessary or otherwise required by Franchisor, to ensure that Franchisee's Center Facility and Franchisee's Center Location have been completely de-identified and differentiated from its former appearance to prevent any confusion by the public as to the continued existence of a Center at the Center Location; (b) remove from Franchisee's Center Facility and Franchisee's Center Location all distinctive physical and structural features identifying a Center and all distinctive signs, trade dress and emblems associated with the System including, without limitation, signs, trade dress, and emblems bearing the Licensed Marks; and (c) make specific additional changes to Franchisee's Center Facility and Franchisee's Center Location as Franchisor reasonably requests for the purpose of completely de-identifying Franchisee's former Center. Franchisee shall immediately initiate the foregoing actions and complete such actions within the period of time designated by Franchisor, and Franchisee agrees that Franchisor and/or Franchisor's designated agents may enter the premises of Franchisee's Center Facility and Franchisee's Center Location at any time to make foregoing alterations at Franchisee's sole risk and expense. Franchisee further agrees that Franchisee's failure to timely make modifications and alterations to Franchisee's Center Facility and Franchisee's Center Location will cause irreparable injury to Franchisor, and Franchisee consents to the entry, at Franchisee's expense, of any ex-parte order by any court of competent jurisdiction authorizing Franchisor or its agents to take action, if

Franchisor seeks such an order;

(8) Take all actions necessary and/or reasonably required to cancel all fictitious or assumed names or equivalent registrations relating to the Licensed Marks;

(9) At no cost to Franchisor, take such action as may be determined by Franchisor to: (a) provide and assign to Franchisor the Business Management System, the Business Management System Data, and all customer lists, customer information, and customer data; and (b) transfer, disconnect, and/or otherwise assign, as directed by Franchisor, all telephone numbers, email addresses, yellow pages telephone directories, telephone directory type listings, Web Based Media listings, accounts and log-in information used in connection with Franchisee's former Center and/or otherwise associated with the System and/or the Licensed Marks, cancel Franchisee's interests in same as such cancellation may be directed by Franchisor, and effectuate, perform, honor, and comply with Franchisee's obligations under the Assignment of Telephone Numbers and Digital Media Accounts attached to this Agreement as Exhibit 6;

(10) Abide by, and comply with, the restrictive covenants and obligations set forth in this Agreement, including, without limitation, the restrictive covenants and obligations set forth in Article 6.B. through Article 6.E. of this Agreement; and

(11) Provide Franchisor, within 30 days of the expiration, termination, or Transfer of this Agreement, with written proof demonstrating that Franchisee has complied with the terms of this Article 17 and all other obligations under this Agreement that Franchisee must perform, abide by, and comply with, subsequent to the termination, expiration, or Transfer of this Agreement.

### 17.C. CONTINUING OBLIGATIONS

All obligations under this Agreement that expressly, or by their nature, survive, or are intended to survive, the expiration, termination, or Transfer of this Agreement shall continue in full force and effect subsequent to, and notwithstanding, this Agreement's termination, expiration, or Transfer until such obligations are satisfied in full or, by the nature and/or terms, such obligation(s) expire.

## ARTICLE 18
## ENFORCEMENT AND CONSTRUCTION

### 18.A. SEVERABILITY AND SUBSTITUTION OF VALID PROVISIONS

(1) Except as expressly provided to the contrary in this Agreement, each and every term and provision of this Agreement shall be interpreted or otherwise construed to be independent of each other and severable. Although each term and provision of this Agreement is considered by the parties to be reasonable and intended to be enforceable, if any such term or provision of this Agreement is found by a court of competent jurisdiction, agency, or other government agency to be unenforceable as written or otherwise, then such term and condition shall be modified, rewritten, interpreted, or "blue-lined" to include as much of its nature and scope as will render it enforceable. If such term and condition cannot be so modified, rewritten, interpreted, or "redlined" in any respect, then it will not be given effect and severed from this Agreement, and the remainder of this Agreement shall be interpreted, construed and enforced as if such term and condition was not included in this Agreement.

(2) If any applicable and binding law or rule requires a greater prior notice of the termination of this Agreement than is required in this Agreement, or the taking of some other action not required by this Agreement, or if under any applicable and binding law or rule, any term and condition of this Agreement, or any specification, standard, or operating procedure Franchisor prescribes is

invalid or unenforceable, then the greater prior notice and/or other action required by law or rule shall be substituted for the comparable provisions, and Franchisor has the right, in its sole discretion, to modify the invalid or unenforceable term and condition, specification, standard, or operating procedure to the extent required to be valid and enforceable. Franchisee agrees to be bound by any such substituted and/or modified term and condition of this Agreement imposing the maximum duty permitted by law that is prescribed within the terms of any provision of this Agreement as though it were originally and separately articulated in, and made a part of, this Agreement as of the Effective Date and/or any specification, standard or operating procedure Franchisor prescribes, which may result from striking from any terms and conditions, specifications, standards, or operating procedures, and any portion or portions thereof, a court may hold to be unenforceable or from reducing the scope of any promise or covenant to the extent required to comply with a court order. Modifications to this Agreement shall be effective only in those jurisdictions in which such terms and conditions, specifications, standards, or operating procedures are found to be unenforceable, unless Franchisor elects to give them greater applicability, in which case, this Agreement shall be enforced as originally made in all other jurisdictions.

**18.B. WAIVER OF OBLIGATIONS**

No delay, waiver, omission, or forbearance on the part of Franchisor to enforce any term and condition of this Agreement or exercise any of Franchisor's rights, options, or powers under this Agreement constitutes a waiver by Franchisor to enforce any other term and condition of this Agreement or exercise any of Franchisor's other rights, options, or powers under this Agreement. No such delay, waiver, omission, or forbearance shall constitute a waiver by Franchisor to subsequently enforce such term and condition of this Agreement or subsequently exercise such right, option, or power. Acceptance by Franchisor of any payments, fees, charges, or other amount from Franchisee payable to Franchisor pursuant to this Agreement shall not constitute a waiver or acceptance of Franchisee's default or breach of this Agreement or otherwise a waiver of any term and condition of this Agreement, and Franchisor reserves the right to pursue any and all additional remedies set forth in this Agreement, at law, or in equity. Franchisor shall likewise not be deemed to have waived or impaired any term and condition, right, option or power set forth in this Agreement by virtue of any custom or practice of the parties at variance with the terms and conditions of this Agreement or Franchisor's insistence upon Franchisee's strict compliance with Franchisee's obligations, including any mandatory specification, standard or operating procedure. No waiver by Franchisor of any term and condition of this Agreement shall be valid unless in writing and signed by Franchisor.

**18.C. FORCE MAJEURE**

If either Franchisor or Franchisee is delayed in performing any obligation under this Agreement by any cause reasonably beyond its control when such cause would affect any person or entity similarly situated, including, without limitation, war, civil disorder, catastrophic weather, power outage, acts of God, including, but not limited to, natural disaster, tornados, earthquakes, wildfires, and pandemics and/or labor strikes unassociated with Franchisee or Franchisor (collectively, "Force Majeure"), then the time period for performing such obligation shall be extended by a period of time equal to the period of delay. Notwithstanding the immediately foregoing sentence, any delay resulting from Force Majeure shall not excuse Franchisee's payment of any fee, charge, amount, and/or any other monetary or financial obligation to Franchisor under this Agreement, including, without limitation, the payment of the Royalty Fee and Advertising Contributions, and the non-performance of any obligation under this Agreement due to Force Majeure shall not be extended or otherwise excused for more than six months.

**18.D. SPECIFIC PERFORMANCE AND INJUNCTIVE RELIEF**

Nothing in this Agreement bars Franchisor's right to obtain specific performance of the provisions of this Agreement and injunctive relief under legal and/or equity rules against threatened conduct that will cause

damages or loss to it, the Licensed Marks or the System. Without limitation to the rights set forth in Article 6 of this Agreement, Franchisee agrees that Franchisor may obtain such injunctive relief. Franchisee agrees that Franchisor will not be required to post a bond (other than as set forth in Article 6.H. of this Agreement) to obtain injunctive relief and that Franchisee's only remedy if an injunction is entered against Franchisee will be the dissolution of that injunction, if warranted, upon hearing duly held (all claims for damages by reason of the wrongful issuance of any such injunction being expressly waived hereby). The remedies available to Franchisor under Article 6.H. are not exclusive of one another and may be combined with others under this Agreement, or at law or in equity, including injunctive relief, specific performance and recovery of monetary damages. Without limitation to the foregoing Franchisee agrees that in the event of a breach of this Agreement by Franchisee respecting and/or concerning the System and/or the Licensed Marks shall cause irreparable harm to Franchisor, the System and the Licensed Marks. The foregoing shall not be interpreted to invalidate the mediation and arbitration requirements set forth in Article 18.G. of this Agreement and shall be consistent with same.

**18.E. RIGHTS OF PARTIES ARE CUMULATIVE**

The rights under this Agreement are cumulative and no exercise or enforcement by a party of any right or remedy precludes the exercise or enforcement by that party of any other right or remedy which Franchisor or Franchisee is entitled by law to enforce.

**18.F. GOVERNING LAW**

EXCEPT TO THE EXTENT GOVERNED BY THE UNITED STATES TRADEMARK ACT OF 1946 (LANHAM ACT, 15 U.S.C. §§ 1051 *ET SEQ.*) OR OTHER FEDERAL LAW, THIS AGREEMENT AND THE RELATIONSHIP BETWEEN THE PARTIES HERETO SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE INTERNAL LAWS OF THE STATE OF DELAWARE, EXCEPT THAT ITS CHOICE OF LAW AND CONFLICTS OF LAWS RULES SHALL NOT APPLY AND ANY FRANCHISE REGISTRATION, DISCLOSURE, RELATIONSHIP OR SIMILAR STATUTE WHICH MAY BE ADOPTED BY THE STATE OF DELAWARE SHALL NOT APPLY UNLESS ITS JURISDICTIONAL REQUIREMENTS ARE MET INDEPENDENTLY WITHOUT REFERENCE TO THIS PARAGRAPH.

**18.G. NON-BINDING MEDIATION AND BINDING ARBITRATION**

1. **Non-Binding Mediation** – Franchisee and Franchisor agree that before either party may bring any action, dispute and/or controversy arising from or related to this Agreement and/or the franchise relationship between Franchisor and Franchisee in arbitration, the parties must first mediate the dispute through non-binding mediation. Mediation shall be non-binding and shall be conducted by the American Arbitration Association ("AAA") in accordance with the AAA's then current rules for the mediation of commercial disputes. All mediation proceedings shall be conducted in Monroe County, New York or, if a mediator is not available in Monroe County, New York then at a suitable location selected by the mediator that is located closest to Monroe County, New York. Mediation shall be conducted by one mediator and if Franchisor and Franchise cannot agree on a mediator then the mediator shall be selected by the AAA. Mediation shall be conducted within 45 days of the AAA's designation and/or acknowledgment of the selected mediator or such longer period as may be agreed to between Franchisor and Franchisee in writing and signed by each respective party. Franchisor and Franchisee shall each be responsible for their own costs associated with mediation and Franchisor and Franchisee shall each be responsible for and shall each pay 50% of the mediator's fee and the AAA's mediation fees.

   Notwithstanding the preceding paragraph, Franchisor and Franchisee agree this Sub-Article 18.G.(1) and, thereby, the prerequisite requirement of non-binding mediation, shall not, at Franchisor's election, apply to: (a) any claims or disputes related to or concerning a breach of this

Agreement by Franchisee that, under the terms of this Agreement, may entitle Franchisor to the award of injunctive relief including, but not limited to, Franchisee's violation or purported violation of Article 6 of this Agreement; and/or (b) claims by either Franchisor or Franchisee under this Agreement that relates to either Franchisor's or Franchisee's failure to pay fees or other monetary obligations due under this Agreement.

2. **Arbitration** – Subject to the prerequisite requirements of non-binding mediation as set forth in Sub-Article 18.G.(1), and, except, at Franchisor's election, as to any claims or disputes related to or concerning a breach of this Agreement by Franchisee that, under the terms of this Agreement, may entitle Franchisor to the award of injunctive relief including, but not limited to, Franchisee's violation or purported violation of Article 6 of this Agreement, Franchisor and Franchisee agree that all disputes, controversies, and claims, arising from and/or related to this Agreement, the relationship between Franchisor and Franchisee, the System, and/or the validity of this Agreement and/or the Ancillary Agreements, shall be submitted, on demand of either Franchisor or Franchisee, to the AAA for binding arbitration. Arbitration shall be conducted by one arbitrator in accordance with the AAA's then current rules for commercial disputes, except as may be otherwise required in this Article 18.G. All arbitration proceedings shall be conducted in Monroe County, New York, or, if suitable AAA facilities are not available in Monroe County, New York then at a suitable AAA location selected by the arbitrator that is located closest to Monroe County, New York.

   In connection with binding arbitration, Franchisor and Franchisee further agree that:

   (a) All matters relating to arbitration, will be governed by the United States Federal Arbitration Act, except as expressly or otherwise set forth in this Agreement;

   (b) The arbitration hearing shall be conducted within 180 days of the demand for arbitration;

   (c) The arbitrator shall render written findings of fact and conclusions of law;

   (d) Except as may be otherwise required and/or prohibited by this Agreement including, but not limited to Articles 18.I., 18.J., 18.N., 18.O., 18.R., 18.T., and 18.X. of this Agreement, the arbitrator has the right to award or include in his or her award any relief that he or she determines to be proper, including monetary damages, interest on unpaid sums, specific performance, injunctive relief, attorneys' fees, and costs and expenses as allowable under this Agreement. Notwithstanding the foregoing, under no circumstance shall the Arbitrator be authorized to award or declare the Licensed Marks to be generic or invalid;

   (e) They shall each be bound to the limitations periods set forth in Article 18.I. of this Agreement and that, in any arbitration proceeding, Franchisor and Franchisee must each timely submit, within the same arbitration proceeding, any claim that would constitute a compulsory counterclaim as such claims are defined and set forth under Rule 13 of the United States Federal Rules of Civil Procedure. Any claim that is not submitted or filed as required shall be forever barred;

   (f) Judgment upon the arbitrator's award may be entered in any court of competent jurisdiction; and

   (g) Arbitration and/or any arbitration award must be conducted in accordance with the terms of this Agreement including, but not limited to, the requirements set forth in this Article 18.

3. **Consent to Jurisdiction and Venue** – Subject to the non-binding mediation and arbitration provisions set forth in this Article 18.G., Franchisor and Franchisee agree that any judicial action or legal proceeding must be brought in a court of competent jurisdiction located within New York and within Monroe County or the county closest to Monroe County. Franchisor and Franchisee do hereby irrevocably consent to and waive any objection to such jurisdiction or venue. Without limitation to the foregoing and notwithstanding same, Franchisor and Franchisee agree that Franchisor, at Franchisor's election, may bring any legal action or proceeding seeking a temporary restraining order, preliminary injunction, or any action seeking Franchisor's enforcement of an arbitration award or any judicial decision in the federal or state court located in the county and state where either the Franchised Business was located or where Franchisee resides.

**18.H. VARIANCES**

FRANCHISEE AGREES THAT FRANCHISOR HAS AND MAY AT DIFFERENT TIMES, IN FRANCHISOR'S ABSOLUTE AND SOLE DISCRETION, APPROVE EXCEPTIONS OR CHANGES FROM THE UNIFORM STANDARDS OF THE SYSTEM, WHICH FRANCHISOR DEEMS DESIRABLE OR NECESSARY UNDER PARTICULAR CIRCUMSTANCES. FRANCHISEE UNDERSTANDS THAT IT HAS NO RIGHT TO OBJECT TO OR AUTOMATICALLY OBTAIN SUCH VARIANCES, AND ANY EXCEPTION OR CHANGE MUST BE APPROVED IN ADVANCE BY FRANCHISOR IN WRITING. FRANCHISEE UNDERSTANDS THAT EXISTING FRANCHISEES MAY OPERATE UNDER DIFFERENT FORMS OF AGREEMENTS AND THAT THE RIGHTS AND OBLIGATIONS OF EXISTING FRANCHISEES MAY DIFFER MATERIALLY FROM THIS AGREEMENT.

**18.I. LIMITATIONS OF CLAIMS**

EXCEPT FOR CLAIMS BROUGHT BY FRANCHISOR WITH REGARD TO FRANCHISEE'S OBLIGATIONS TO MAKE PAYMENTS TO FRANCHISOR PURSUANT TO THIS AGREEMENT, FRANCHISOR'S ENFORCEMENT OF THE RESTRICTIVE COVENANTS SET FORTH IN ARTICLE 6 OF THIS AGREEMENT, AND FRANCHISEE'S OBLIGATION TO INDEMNIFY FRANCHISOR IN ACCORDANCE WITH THIS AGREEMENT, ANY AND ALL CLAIMS AND/OR CAUSES OF ACTIONS ARISING OUT OF, OR RELATING TO, THIS AGREEMENT, OR THE RELATIONSHIP BETWEEN FRANCHISEE AND FRANCHISOR RESULTING FROM THIS AGREEMENT, SHALL BE BARRED UNLESS SUCH CLAIM AND/OR CAUSE OF ACTION IS COMMENCED WITHIN TWO YEARS FROM THE DATE ON WHICH THE ACT OR EVENT GIVING RISE TO THE CLAIM OCCURRED OR ONE YEAR FROM THE DATE ON WHICH FRANCHISEE OR FRANCHISOR KNEW, OR SHOULD HAVE KNOWN, IN THE EXERCISE OF REASONABLE DILIGENCE, OF THE FACTS GIVING RISE TO SUCH CLAIM AND/OR CAUSE OF ACTION, WHICHEVER OCCURS FIRST IN TIME.

**18.J. WAIVER OF PUNITIVE DAMAGES AND LIMITATION OF DAMAGES**

FRANCHISOR AND FRANCHISEE HEREBY WAIVE TO THE FULLEST EXTENT PERMITTED BY LAW, ANY RIGHT TO OR CLAIM FOR ANY PUNITIVE, EXEMPLARY, CONSEQUENTIAL OR SPECULATIVE DAMAGES AGAINST THE OTHER AND AGREE THAT IN THE EVENT OF A DISPUTE BETWEEN THEM, EXCEPT AS OTHERWISE PROVIDED HEREIN, EACH SHALL BE LIMITED TO THE RECOVERY OF ACTUAL DAMAGES SUSTAINED BY IT; PROVIDED THAT SUCH WAIVER SHALL NOT APPLY TO ANY CLAIM FOR DAMAGES (A) ALLOWED BY FRANCHISOR OR FRANCHISEE FOR ATTORNEY'S FEES OR COSTS AND EXPENSES UNDER THIS AGREEMENT; AND/OR (B) FOR LOST PROFITS, FEES, AND/OR OTHER PAYMENTS OR OBLIGATIONS THAT OTHERWISE WOULD HAVE BEEN PAYABLE AND DUE UNDER THIS AGREEMENT BY FRANCHISOR OR FRANCHISEE AND/OR THE OWNERS UPON OR ARISING OUT OF A BREACH RESULTING IN THE TERMINATION OF THIS AGREEMENT. NOTWITHSTANDING ANYTHING TO THE CONTRARY IN THIS AGREEMENT, IF ANY OTHER

TERM OF THIS AGREEMENT IS FOUND OR DETERMINED TO BE UNCONSCIONABLE OR UNENFORCEABLE FOR ANY REASON, THE FOREGOING PROVISIONS OF WAIVER BY AGREEMENT OF PUNITIVE, EXEMPLARY, INCIDENTAL, INDIRECT, SPECIAL, CONSEQUENTIAL OR OTHER SIMILAR DAMAGES SHALL CONTINUE IN FULL FORCE AND EFFECT.

**18.K. WAIVER OF JURY TRIAL**

FRANCHISOR AND FRANCHISEE IRREVOCABLY WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING, OR COUNTERCLAIM, WHETHER AT LAW OR IN EQUITY, BROUGHT BY EITHER OF THEM AGAINST THE OTHER, WHETHER A LEGAL ACTION, IN MEDIATION, OR IN ARBITRATION.

**18.L. BINDING EFFECT**

This Agreement is binding upon the parties of this Agreement and their respective executors, administrators, heirs, assigns and successors in interest, and shall not be modified except by written agreement signed by both Franchisee and Franchisor.

**18.M. COMPLETE AGREEMENT**

This Agreement, and the Schedules and Exhibits to this Agreement, as executed and, as applicable, constitute the entire, full and complete Agreement between Franchisor and Franchisee concerning the subject matter of this Agreement and supersedes all prior related agreements between Franchisor and Franchisee. The foregoing shall not constitute and does not constitute any disclaimer as to the express representations made by Franchisor in the Franchise Disclosure Document disclosed to Franchisee in connection with this Franchise Agreement.

**18.N. ATTORNEY FEES AND EXPENSES**

Franchisee agrees that in the event that an arbitrator in any arbitration proceeding and/or, a court of competent jurisdiction shall issue an award, judgment, decision and/or order finding, holding and/or declaring Franchisee's breach of this Agreement than Franchisor shall also be entitled to the recovery of all reasonable attorney fees, costs and expenses associated with and/or related to such arbitration and/or litigation. Said fees, costs and expenses shall include, but not be limited to, attorney fees, arbitration fees, arbitrator fees, deposition expenses, expert witness fees and filing fees.

**18.O. NO CLASS ACTION OR MULTI-PARTY ACTIONS**

FRANCHISOR AND FRANCHISEE AGREE THAT ALL PROCEEDINGS AND/OR LEGAL ACTIONS ARISING OUT OF OR RELATED TO THIS AGREEMENT AND/OR THE OFFER AND SALE OF THE ISMASH FRANCHISE FROM FRANCHISOR TO FRANCHISEE, WILL BE CONDUCTED ON AN INDIVIDUAL BASIS AND NOT A CLASS-WIDE BASIS, AND, THAT ANY PROCEEDING BETWEEN FRANCHISEE, FRANCHISEE'S OWNERS, AND/OR GUARANTORS AND FRANCHISOR AND/OR FRANCHISOR'S AFFILIATES, OFFICERS, DIRECTORS AND/OR EMPLOYEES MAY NOT BE CONSOLIDATED WITH ANY OTHER PROCEEDING BETWEEN FRANCHISOR AND ANY OTHER THIRD PARTY.

**18.P. ACCEPTANCE BY FRANCHISOR**

This Agreement will not be binding on Franchisor unless and until an authorized officer of Franchisor has signed it.

**18.Q. NO PERSONAL LIABILITY BY FRANCHISOR'S EMPLOYEES, OFFICERS OR AGENTS**

Franchisee agrees that the fulfillment of any of Franchisor's obligations written in this Agreement or based on any oral communications ruled to be binding in a court of law shall be Franchisor's sole obligation and

none of Franchisor's employees, officers and/or authorized agents shall be personally liable to Franchisee for any reason. In addition to the foregoing, Franchisor and Franchisee are not joint employers. The foregoing shall not be construed to imply that Franchisor and/or Franchisor's agents have made any oral promises as pursuant to Article 18.M. of this Agreement, this written Agreement represents the sole Agreement between Franchisor and Franchisee.

**18.R. NON-UNIFORM AGREEMENTS**

Franchisee agrees that Franchisor makes no representations or warranties that all other agreements with Smash Franchising LLC franchisees entered into before or after the Effective Date do or will contain terms substantially similar to those contained in this Agreement. Franchisee agrees that Franchisor may waive or modify comparable provisions of other Franchise Agreements to other System franchisees in a non-uniform manner.

**18.S NO RIGHT TO OFFSET**

Franchisee shall not, on grounds of the alleged nonperformance, material breach, or default by Franchisor of this Agreement, any other agreement between Franchisor and Franchisee, or for any other reason, withhold any payment, fee, or any other amount payable by Franchise to Franchisor pursuant to this Agreement, including, without limitation, the payment of the Royalty Fee and Advertising Contributions, or any other payment obligation by Franchisee to Franchisor. Franchisee shall not have the right to offset or withhold any liquidated or unliquidated amount allegedly due to Franchisee from Franchisor against any payment, fee, or any other amount payable to Franchisor pursuant to this Agreement or any other payment obligation by Franchisee to Franchisor.

**18.T. HEADINGS**

The headings and subheadings in this Agreement are strictly for convenience and reference only, and they shall not limit, expand, or otherwise affect the interpretation and construction of the terms and conditions of this Agreement.

**18.U. AUTHORITY TO EXECUTE**

Each party agrees, warrants and represents that it has all requisite power and authority to enter into this Agreement. The execution, delivery, and performance of this Agreement has been duly and lawfully authorized by all necessary actions of each party, and the signatory to this Agreement for each party has been duly and lawfully authorized to execute this Agreement for and on behalf of the party for whom each signatory has signed.

**18.V. COUNTERPARTS, ELECTRONIC SIGNATURES, AND MULTIPLE COPIES**

This Agreement may be executed electronically. This Agreement may be executed in counterparts, all of which counterparts shall be deemed originals and taken together shall constitute a single agreement. Executed electronic or print duplicates of this Agreement, if any, and their respective signatures shall be deemed originals.

**18.W. JOINT AND SEVERAL LIABILITY**

If Franchisee consists of more than one person or entity, then their liability under this Agreement shall be deemed joint and several.

**18.X. RECITALS**

The parties agree that the recitals and representations contained on the first page of this Agreement constitute a part of this Agreement and are hereby fully incorporated into the terms of this Agreement.

## ARTICLE 19
## NOTICES

All written notices and reports permitted or required to be delivered by this Agreement shall be deemed so delivered, at the time delivered by hand, one business day after being placed in the hands of a national commercial courier service for overnight delivery (properly addressed and with tracking confirmation), or three business days after placed in the U.S. mail by registered or certified mail, postage prepaid, and addressed to the party to be notified at its most current principal business address of which the notifying party has been notified. Reports requiring delivery shall be delivered by certified U.S. mail and/or electronically, as designated by Franchisor. The addresses for the parties set forth in the initial paragraph of this Agreement shall be used unless and until a different address has been designated by written notice to the other party. Any notice required under this Agreement shall not be deemed effective or given by Franchisee to Franchisor unless given in strict compliance with this Agreement. Notwithstanding the foregoing, the Operations Manual and modifications to the Operations Manual may be delivered and/or noticed to Franchisee by such means selected by Franchisor, including electronic notice and email.

In all cases where Franchisor's prior approval is required and no other method or timing for obtaining such approval is prescribed, Franchisee shall request such approval in writing, and, unless otherwise expressly proscribed in this Agreement, Franchisor shall respond within 10 business days after receiving Franchisee's written request and all supporting documentation, provided if Franchisor does not respond, such request shall be deemed unapproved. Franchisor's consent to, or approval of, any act or request by Franchisee shall be effective only to the extent specifically stated, and Franchisor's consent or approval shall not be deemed to waive, or render unnecessary, consent or approval of any other subsequent similar act or request.

**IN WITNESS WHEREOF**, the parties have executed, sealed and delivered this Agreement as of the Effective Date set forth in the first paragraph of this Agreement.

**Franchisor:**
Smash Franchising LLC

By: _____
Signature

_____
Name and Title (please print)

_____
Dated

_____
Signature

_____
Name (please print)

_____
Dated

**Franchisee:**

_____
Signature

_____
Name (please print)

_____
Dated

**Franchise Agreement – Schedule 1**
Center Location and Designated Territory Acknowledgment

Pursuant to the Franchise Agreement dated _____, 20__ by and between Smash Franchising LLC, as Franchisor, and _____, as Franchisee (the "Franchise Agreement"), Franchisor and Franchisee agree:

**Initial Franchise Fee**. The Initial Franchise Fee is:

| **$** |
|---|

**(a) Franchisee's Center Location** – "Franchisee's Center Location," as such term is defined in the Franchise Agreement, including, but not limited to Articles 1 and 2.A., is identified, as follows:

[To be Effective this Schedule Must be Completed and Signed by Franchisor. If not completed and signed at time of signing Franchise Agreement, may be completed in the future pursuant to the terms of the Franchise Agreement]

**(b) Franchisee's Designated Territory** – Franchisee's "Designated Territory," as such term is defined in the Franchise Agreement, including, but not limited to Articles 1 and 2.A., is designated as follows:

[To be Effective this Schedule Must be Completed and Signed by Franchisor. If not completed and signed at time of signing Franchise Agreement, may be completed in the future pursuant to the terms of the Franchise Agreement]

If there is any inconsistency or conflict between the terms of this Acknowledgment and the Franchise Agreement, the Franchise Agreement shall take precedence and govern.

**Dated:** _____

**Franchisor:**
Smash Franchising LLC

By: _____
Signature

_____
Name and Title

_____
Signature

_____
Name (please print)

**Franchisee:**

_____
Signature

_____
Name (please print)

**Franchise Agreement – Schedule 2**
Statement of Franchise Owners

Franchisee represents that the following schedule is complete and accurately identifies Franchisee's Owners, Franchisee's Managing Owner, and their respective ownership interests in Franchisee. Defined terms shall have the meanings set forth in the Franchise Agreement between Franchisor and Franchisee.

| If Franchisee is a Corporate Entity, Franchisee represents and affirms to Franchisor that the following list identifies each and every Owner of Franchisee and their respective ownership interests. | | |
|---|---|---|
| **Owner Name** | **Owner Address** | **Ownership Interest Percentage** |
| | | |
| | | |
| | | |
| | | |
| Name of designated **Managing Owner:** | | |

**Dated:** _____

**Franchisor:**
Smash Franchising LLC

By: _____
Signature

_____
Name and Title

_____
Signature

_____
Name (please print)

**Franchisee:**

_____
Signature

_____
Name (please print)

**Franchise Agreement – Exhibit 1**
Franchise Owner Agreement and Guaranty

# FRANCHISE OWNER AGREEMENT AND GUARANTY

This Franchise Owner Agreement and Individual Guaranty (the "Agreement") is individually entered into by you as either an owner of _____ (hereinafter referred to as "Franchisee"), Franchisee, franchisor of the iSmash franchise system and in favor of Smash Franchising LLC's successors and assigns, upon the terms and conditions set forth in this Agreement. In this Agreement Smash Franchising LLC is referred to as "us", "our" or "we", and each individual that signs this Agreement is referred to as "you".

## Recitals and Representations

WHEREAS, you agree that we have developed a distinctive and proprietary system (the "System") for the establishment, development and operation of an iSmash Center, an entertainment center that allows customers to smash common household items using instruments such as baseball bats, crowbars, and sledgehammers from a safe and fun environment and other optional add on services such as splatter paint, axe throwing and other services and products that Franchisor authorizes (the "Approved Services and Products") under the Licensed Marks (defined below) (each, a "iSmash Center");

WHEREAS, Franchisee has entered into an iSmash Center Franchise Agreement (the "Franchise Agreement") for the ownership, development and operation of an iSmash Center (the "Franchised Business");

WHEREAS, you have received and have thoroughly reviewed the completed Franchise Agreement, including the completed Schedules and Exhibits attached thereto;

WHEREAS, we have recommended that you thoroughly review the Franchise Agreement, this Agreement and all exhibits and schedules to the Franchise Agreement with a lawyer selected and hired by you;

WHEREAS, you represent to us that you are an Owner of Franchisee such that you own or control a legal, equitable or beneficial ownership or equity interest in Franchisee and/or otherwise meet the definition of an "Owner" as set forth in this Agreement;

WHEREAS, you acknowledge that this Agreement will apply to you individually, jointly and severally with all others who sign this Agreement (including if this Agreement is signed in counterparts or electronically among other Owners);

WHEREAS, you acknowledge that this Agreement personally obligates you to guarantee Franchisee's obligations to us and obligates you to brand protection, confidentiality and non-competition restrictions and covenants and that you enter into this Agreement to induce us to enter into the Franchise Agreement with Franchisee; and

WHEREAS, you acknowledge that we are relying on this Agreement and that without this Agreement we would not have entered into and/or would not be simultaneously entering into the Franchise Agreement with Franchisee.

NOW THEREFORE, to induce us to enter into the Franchise Agreement and as consideration to us for entering into the Franchisee Agreement with Franchisee and other consideration, the receipt and sufficiency of which you acknowledge, you agree as follows:

**1. Recitals and Representations**
You agree that the foregoing Recitals and Representations are true and accurate and constitute a material part of this Agreement and are hereby incorporated into the main body of this Agreement.

**2. Definitions**
Supplementing the terms and definitions contained in the Recitals and Representations:

"**Approved Services and Products**" shall have the meaning defined in the "Recitals" section of this Agreement and shall further refer to and mean those products and services that we authorize for sale by iSmash Centers. We shall exclusively designate and determine the Approved Services and Products and we, in our Reasonable Business Judgment, may change, modify, reduce or supplement the Approved Services and Products that must be offered and sold by the Franchised Business and those products and services that may not be sold by the Franchised Business. The Operations Manual, subject to changes that we may make from time to time and our right to change and modify the Approved Services and Products, shall designate the Approved Services and Products that must be offered and sold by the Franchised Business. The Franchised Business may only offer and sell the Approved Services and Products.

"**Business Management System**" refers to and means the software, internet, web based and/or cloud based system or systems, point of sale system or systems and customer relationship management system or systems as same may be individually or collectively designated by us, in our Reasonable Business Judgment, as being required for use by the Franchised Business, including, but not limited to, the day-to-day sales, ordering, operations and management of the Franchised Business.

"**Business Management System Data**" refers to and means the forms, data, tools, customer information, inventory and sales information that: (a) is pre-populated or entered into the Business Management System utilized by Franchisee; (b) is entered (whether by us or Franchisee) into the Business Management System utilized by Franchisee; and/or (c) is recorded, stored and/or maintained by the Business Management System in connection with the management and operations of the Franchised Business.

"**Center Facility**" refers to and means the fixed commercial Center facilities including, the fixtures and improvements, from which iSmash Centers are established, operated and managed.

"**Center Location(s)**" refers to and means the location(s) from which iSmash Centers are established, operated and managed.

"**Competitive Business**" refers to and means any business that is the same as or similar to an iSmash Center including any business, that offers, sells and/or allows customers to smash common household items, splatter paint, and axe throwing for entertainment purposes, and related products and/or services.

"**Confidential Information**" refers to and means all of our and/or our affiliates trade secrets, methods, standards, techniques, procedures, data and information, as same may exist as of the Effective Date and as same may be developed, modified and supplemented in the future, constituting and comprising: (a) methods, specifications, standards, policies, procedures, information, concepts, programs and systems relating to the development, establishment, marketing, promotion and operation of iSmash Centers; (b) information concerning consumer preferences for services, products, materials and supplies used or

sold by iSmash Centers, and specifications for and knowledge of suppliers of inventory, equipment, products, supplies and procedures used or sold by iSmash Centers; (c) information concerning customers, customer lists, email lists, database lists, product sales, operating results, financial performance and other financial data of iSmash Centers; (d) Business Management System Data; (e) current and future information contained in the Operations Manual; and (f) Know-How.

"**Copyrights**" refers to and means all works and materials for which we or any affiliate of ours has secured common law or registered copyright protection and we utilize and/or allow iSmash Center franchisees to use, sell or display in connection with the development, marketing and/or operation of an iSmash Center, whether as of the Effective Date or any time in the future.

"**Corporate Entity**" refers to and means a corporation, limited liability company, partnership or other corporate legal entity that is not an individual person.

"**Digital Media**" refers to and means any interactive or static electronic document, application or media that is connected to and/or in a network of computers, servers and/or other devices linked by communications software, part of the world wide web (including, but not limited to websites), linked by the internet or part of a web based application, software application, smart phone based application or social media platform including, but not limited to social media platforms and applications such as Facebook, LinkedIn, Twitter, Pinterest, Instagram, SnapChat, and YouTube, and world wide web and internet based directories and local directories that refers, references, identifies, reviews, promotes and/or relates, in any way, to iSmash Centers, the Franchised Business, the Licensed Marks, the System and/or us. Digital Media further includes the System Website, web pages and website subdomains associated with and/or related to the Franchised Business and all web pages, blog posts, videos, articles, social media accounts and pages, website directory pages, information, sub-domains and all other media and/or publications relating to the System that is displayed and/or transmitted digitally.

"**Effective Date**" refers to the "Effective Date" of the Franchise Agreement as the term "Effective Date" is set forth and defined in the Franchise Agreement. If, for any reason, the Effective Date cannot be determined by reference to the Franchise Agreement, the Effective Date shall be the date that you sign this Agreement.

"**Franchised Business**" refers to and means the iSmash Center to be developed, owned and operated by Franchisee pursuant to the terms of the Franchise Agreement.

"**Franchisee's Center Facility**" refers to and means the Center Facility from which Franchisee establishes, operates and manages the Franchised Business.

"**Franchisee's Center Location**" refers to and means the location of Franchisee's Center Facility, from which Franchisee's operates the Franchised Business.

"**Franchisee's Designated Territory**" refers to and means the "Designated Territory" as such term is set forth and defined in the Franchise Agreement.

"**Immediate Family**" refers to and means the of a person and any other member of the household of such person, including, without limitation, children of such person.

"**Intellectual Property**" refers to and means, individually and collectively, our Licensed Marks, Copyrights, Know-How, and System.

"**iSmash Center(s)**" shall have the meaning defined in the Recitals and Representations section of this

Agreement and, without limitation to the Recitals and Representations section of this Agreement, the definition of "iSmash Centers", shall further include, refer to and mean: every business and all businesses owned and/or operated by us, our affiliates and/or our authorized franchisee(s) that utilize and/or is/are required to utilize the System and/or Licensed Marks including, but not limited to, the Franchised Business.

"**Know-How**" refers to means our trade secrets and proprietary information relating to the development, establishment, marketing, promotion and/or operation of an iSmash Center including, but not limited to, methods, techniques, inventory, products and services standards and specifications and information reflected in, included in, comprising and/or constituting a part of the System. Without limitation to the foregoing, Know-How shall further include information contained in the Operations Manual and the Confidential Information.

"**Licensed Marks**" refers to and means the trademarks, service marks, emblems and indicia of origin, including the "iSmash" trademark, the iSmash logo, Trade Dress, and other trade names, service marks, trademarks, logos, slogans and designs authorized by us in connection with the identification of iSmash Centers and the Approved Services and Products, provided that such trade names, trademarks, service marks, logos and designs are subject to modification, replacement and discontinuance by us in our Reasonable Business Judgment.

"**Operations Manual**" refers to and means, individually and collectively, the manual(s) designated by us and relating to the development and/or operations of iSmash Centers including, but not limited to, the policies, procedures and requirements for the development and operation of iSmash Centers. The Operations Manual may consist of one or more volumes, handbooks, manuals, written materials, videos, electronic media files, cloud/internet based list-service, intranet, internet based and accessed databases, computer media, email, webinars and other materials as may be modified, added to, replaced or supplemented by us from time to time in our Reasonable Business Judgment, whether by way of supplements, replacement pages, franchise bulletins, or other official pronouncements or means. Subject to our modification from time to time and based on our Reasonable Business Judgment, the Operations Manual shall, among other things, designate the Approved Services and Products that must be offered and sold by the Franchised Business. Only Approved Services and Products may be offered and sold by the Franchised Business. Only System Supplies may be utilized by Franchisee in the operations of the Franchised Business.

"**Owner**" refers to and means collectively, individually, jointly and, as of the Effective Date: (a) the officers and directors of Franchisee (including the officers and directors of any general partner of Franchisee) who hold an ownership interest in Franchisee and/or in any Corporate Entity that maintains an ownership interest in Franchisee; (b) the managing member or manager of Franchisee, if franchisee is a limited liability company; (c) all holders of a 5% or more direct or indirect ownership interest in Franchisee and/or of any entity directly or indirectly controlling Franchisee; and (d) the Managing Owner(s).

"**Prohibited Activities**" refers to and means any or all of the following: (a) owning and/or having any legal or equitable interest (whether as an individual proprietor or as an owner, partner, member or shareholder of a Corporate Entity or, in any similar capacity) in a Competitive Business (other than owning an interest of 3% or less in a publicly traded company that is a Competitive Business); (b) operating, managing, funding and/or performing services (whether as an employee, officer, director, manager, consultant, representative, agent, and/or creditor or in any similar capacity) for a Competitive Business; (c) diverting or attempting to divert any business or customers from us (or one of our affiliates or franchisees); and/or (d) inducing any customer or client of ours (or of one of our affiliates or franchisees) or of Franchisee to any other person business that is not an iSmash Center.

"**Reasonable Business Judgment**" refers to our business judgment and means and relates to any and all decisions, actions and choices made by us concerning or relating to this Agreement, the Franchise Agreement, the System, iSmash Centers, Franchisee's Center Location, and/or the Franchised Business where we undertake or make such decision with the intention of benefitting or acting in a way that could benefit the System including, as examples and without limitation, enhancing the value of the Licensed Marks, increasing customer satisfaction, minimizing potential customer confusion as to the Licensed Marks, determining designated territory markets, minimizing potential customer confusion as to the location of iSmash Centers, expanding brand awareness of the Licensed Marks, implementing marketing and accounting control systems, approving products, services, supplies and equipment. Franchisee agrees that when a decision, determination, action and/or choice is made by us in our Reasonable Business Judgment that such decision, determination, action or choice made by us shall take precedence and prevail, even if other alternatives, determinations, actions and/or choices are reasonable or arguably available and/or preferable. Franchisee agrees that in connection with any decision, determination, action and/or choice made by us in our Reasonable Business Judgment that: (a) we possess a legitimate interest in seeking to maximize our profits; (b) we shall not be required to consider Franchisee's individual economic or business interests as compared to the overall System; and (c) should we economically benefit from such decision, determination, action and/or choice that such economic benefit to us shall not be relevant to demonstrating that we did not exercise reasonable business judgment with regard to our obligations under the Franchise Agreement and/or with regard to the System. Franchisee agrees that neither Franchisee and/or any third party, including, but not limited to, any third party acting as a trier of fact, shall substitute Franchisee's or such third party's judgment for our Reasonable Business Judgment. Franchisee further agrees that should Franchisee challenge our Reasonable Business Judgment in any legal proceeding that Franchisee shall possess the burden of demonstrating, by clear and convincing evidence, that we failed to exercise our Reasonable Business Judgment.

"**Restricted Period**" refers to and means the 24 month period after the earliest to occur of the following: (a) the expiration of the Franchise Agreement; (b) the termination of the Franchise Agreement; (c) the date on which Franchisee, in compliance with the terms of the Franchise Agreement, assigns the Franchise Agreement to another person (other than you or an Immediate Family Member) provided that you do not own or hold, in the assignee, any direct or indirect ownership and/or equity interest whether legal, equitable or otherwise; or (d) if you are an Owner of Franchisee, the date on which you, in compliance with the terms of the Franchise Agreement, cease to be an Owner of Franchisee. Provided however, that if a court of competent jurisdiction determines that this period of time is too long to be enforceable, then the "Restricted Period" means the 18 month period after the earliest to occur of the following: (a) the expiration of the Franchise Agreement; (b) the termination of the Franchise Agreement; (c) the date on which Franchisee, in compliance with the terms of the Franchise Agreement, assigns the Franchise Agreement to another person (other than you or an Immediate Family Member) provided that you do not own or hold, in the assignee, any direct or indirect ownership and/or equity interest whether legal, equitable or otherwise; or (d) if you are an Owner of Franchisee, the date on which you, in compliance with the terms of the Franchise Agreement, cease to be an Owner of Franchisee.

"**Restricted Territory**" refers to and means the geographic area: (a) comprising Franchisee's Designated Territory; (b) within a 25 mile radius surrounding Franchisee's Designated Territory or, if Franchisee is not granted a designated territory, then a 25 mile radius surrounding Franchisee's Center Location; (c) within a 10 mile radius surrounding the Center Locations for all other iSmash Centers operating and/or under development as of the Effective Date; and (d) within a 10 mile radius surrounding the Center Locations for all other iSmash Centers that are in operation or under development during all or any part of the Restricted Period; provided, however, that if a court of competent jurisdiction determines that the foregoing Restricted Territory is too broad to be enforceable, then the "Restricted Territory" means the geographic area within Franchisee's Designated Territory plus a 25 mile radius

surrounding Franchisee's Designated Territory or, if Franchisee is not granted or designated a designated territory, then a 25 mile radius surrounding Franchisee's Center Location.

"**System**" refers to and means our system for the development, establishment and operation of iSmash Centers including, but not limited to: (a) the Approved Services and Products, System Supplies and services, procedures and systems that are designated by us, whether presently or in the future, for use in connection with the development, establishment, marketing, promotion and operation of an iSmash Center; (b) the Licensed Marks; (c) the Trade Dress; (d) Copyrights; (e) other trade names, service marks, signs, and logos, copyrights and trade dress that is designated by us, whether presently or in the future, for use in connection with the development, establishment, marketing, promotion and operation of an iSmash Center; (f) Operations Manual; (g) Business Management System Data; (h) Know-How; (i) Confidential Information; and (j) Digital Media. All determinations as to the system including components to the system and modifications and replacements thereto shall be determined by us in our Reasonable Business Judgment.

"**System Supplies**" refers to and means all: (a) merchandise, inventory, products, supplies, and/or goods constituting or comprising the Approved Services and Products or, a portion thereof, authorized for sale by the Franchised Business or designated for the preparation of Approved Services and Products; (b) products, supplies, services, and/or goods used to prepare, provide, offer, and/or sell services constituting or comprising the Approved Services and Products; (c) products, supplies, and/or goods as designated by Franchisor for the marketing, sale, provision, and/or delivery of the Approved Services and Products including, without limitation, uniforms, point of sale displays, packaging; (d) furniture, fixtures, and equipment designated by Franchisor; and (e) other items as designated by us in the Operations Manual, and, as may be modified and supplemented by us from time to time, in our Reasonable Business Judgment, as being required for the development and operation of the Franchised Business.

"**System Website**" refers to and means the web page and/or pages located on the world wide web at the www.ismashusa.com URL (uniform resource locator) and shall further include all webpages and subdomains that are a part of www.ismashusa.com, or as designated by us as being associated with the URL of www.ismashusa.com and/or iSmash Centers.

"**Trade Dress**" refers to and means the Center designs, images, marketing materials, packaging, branding and/or branding images which we authorize and require Franchisee to use in connection with the operation of the Franchised Business and as may be revised and further developed by us from time to time.

"**Transfer**" refers to and means a transfer, sale and/or assignment whether legally, equitably or otherwise.

**3. Additional Acknowledgments by You.** In addition to the representations and acknowledgments contained in the Recitals and Representations, above, and incorporated into this Agreement, you acknowledge and represent that:

(a) as of the Effective Date you are an Owner;

(b) that you are signing this Agreement in your individual capacity and that you are bound to the terms and conditions of this Agreement and irrespective of any change in your status as an Owner;

(c) in your capacity as an Owner of Franchisee that you have and will be gaining access to, among other things, the System and Intellectual Property;

(d) you acknowledge that all of the components and aspects of the System and Intellectual Property (both individually and as they relate to one another collectively) are critical to our success as the franchisor of the System and to the overall System;

(e) you acknowledge that we need to protect the System and Intellectual property and that to do so we require that you, in your individual capacity, to agree to the brand protection, non-competition and other covenants and restrictions contained in this Agreement and that you personally guarantee the financial and other obligations of Franchisee to us; and

(f) you acknowledge that the terms of this Agreement are fair and reasonable and that you have elected, based on your own decision, to enter into this Agreement to induce us to enter into the Franchise Agreement with Franchisee.

**4. Intellectual Property, Brand Protection and Non-Competition Covenants and Restrictions.**

(a) Know-How. You agree that: (i) you will not use the Know-How in any business or capacity other than the Franchised Business; (ii) you will maintain the confidentiality of the Know-How at all times; (iii) you will not make unauthorized copies of documents containing any Know-How; (iv) you will take such reasonable steps as we may ask of you from time to time to prevent unauthorized use or disclosure of the Know-How; and (v) you will stop using the Know-How immediately if you are no longer an Owner of Franchisee. You will not use the Intellectual Property for any purpose other than the development and operation of the Franchised Business pursuant to the terms of the Franchise Agreement and Operations Manual. You agree to assign to us or our designee, without charge, all rights to any Improvement developed by you, including the right to grant sublicenses. If applicable law precludes you from assigning ownership of any Improvement to us, then such Improvement shall be perpetually licensed by you to us free of charge, with full rights to use, commercialize, and sublicense the same.

(b) Non-Competition During Franchise Relationship. Subject to the terms and conditions of Article 5 of this Agreement, below, you represent and agree that while you are an Owner of Franchisee that you will not engage in any Prohibited Activities. You acknowledge and agree that this restriction is fair and reasonable and that if you did engage in a Prohibited Activity that such actions would constitute acts of unfair competition and will irreparably harm us and the System.

(c) Non-Competition After Franchise Relationship. You represent, acknowledge and agree that during the Restricted Period you will not engage in any Prohibited Activities; provided, however, that the Prohibited Activity relating to having an interest in a Competitive Business will only apply with respect to a Competitive Business that is located within or provides competitive goods or services to customers/clients who are located within the Restricted Territory. If you engage in any Prohibited Activities during the Restricted Period, then you agree that your Restricted Period will be extended by the period of time during which you were engaging in the prohibited activity (any such extension of time will not be construed as a waiver of your breach or otherwise impair any of our rights or remedies relating to your breach). You acknowledge and agree that this restriction is fair and reasonable and that if you did engage in a Prohibited Activity that such actions would constitute acts of unfair competition and will irreparably harm us and the System.

(d) Confidentiality Restrictions. You represent, acknowledge and agree that, at all times you: (i) shall not use the Confidential Information in any business or capacity other than the Franchised Business; (ii) shall maintain the confidentiality of the Confidential Information; (iii) shall not make unauthorized copies of documents containing any Confidential Information; (iv) shall take such reasonable steps as we may ask of you and/or Franchisee from time to time to prevent unauthorized

use or disclosure of the Confidential Information; (v) shall immediately and permanently stop using the Confidential Information upon the expiration or termination of the Franchise Agreement; (vi) shall immediately and permanently stop using the Confidential Information if you are no longer an Owner of Franchisee; (vii) shall immediately and permanently stop using the Confidential Information upon Franchisee's Transfer of the Franchise Agreement; and (viii) shall not disclose the Confidential Information to any third party except in a legal proceeding pursuant to an order of a court of competent jurisdiction and after affording us no less than 15 business days prior notice and an opportunity for us, at our election, to appear in such action.

(e) Immediate Family Members. You acknowledge that should you circumvent the purpose and protections (due to us) of this Agreement by disclosing Know-How to an immediate family member (*i.e.*, parent, sibling, child, or grandchild) we will and the System will be irreparably harmed. You acknowledge that if you did disclose the Know-How to an immediate family member and your immediate family member used the Know-How to engage in activities that, for you, qualify as Prohibited Activities as defined above, that we and the System will be irreparably harmed. You agree that as between you and us that you are in a better position to know if you permitted and/or provide an immediate family member with access to the Know-How. Therefore, you agree that you will be presumed to have violated the terms of this Agreement if any member of your immediate family (i) engages in any Prohibited Activities during any period of time during which you are prohibited from engaging in the Prohibited Activities or (ii) uses or discloses the Know-How. However, you may rebut this presumption by providing evidence conclusively demonstrating that you did not disclose the Know-How nor permit disclosure of the Know-How to the family member.

(f) Reasonableness of Covenants and Restrictions. You acknowledge and agree that: (i) the terms of this Agreement are reasonable both in time and in scope of geographic area; and (ii) you have sufficient resources and business experience and opportunities to earn an adequate living while complying with the terms of this Agreement. **You waive any right to challenge the terms of this Agreement as being overly broad, unreasonable or otherwise unenforceable.** Although you and we both believe that the covenants in this Agreement are reasonable in terms of scope, duration and geographic are, we may at any time unilaterally modify the terms of this Article 4 (Intellectual Property, Brand Protection and Non-Competition Covenants and Restrictions) by limiting the scope of the Prohibited Activities, narrowing the definition of a Competitive Business, shortening the duration of the Restricted Period, reducing the geographic scope of the Restricted Territory and/or reducing the scope of any other covenant imposed upon you under this Article 4 to ensure that the terms are enforceable under applicable law.

(g) Breach. You agree that failure to comply with these Article 4 Intellectual Property, Brand Protection and Non-Competition Covenants and Restrictions will cause irreparable harm to us and/or other Center franchisees for which there is no adequate remedy at law. Therefore, you agree that any violation of these covenants will entitle us to injunctive relief. You agree that we may apply for such injunctive relief, without bond, but upon due notice, in addition to such further and other relief as may be available at equity or law, and the sole remedy of yours, in the event of the entry of such injunction, will be the dissolution of such injunction, if warranted, upon hearing duly held (all claims for damages by reason of the wrongful issuance of any such injunction being expressly waived hereby). If a court requires the filing of a bond notwithstanding the preceding sentence, the parties agree that the amount of the bond shall not exceed $1,000. None of the remedies available to us under this Article are exclusive of any other, but may be combined with others under this Agreement, or at law or in equity, including injunctive relief, specific performance and recovery of monetary damages.

**5. Transfer Restrictions and Non-Competition Covenants and Restrictions.**

Notwithstanding anything contained in this Agreement to the contrary, you expressly acknowledge and agree that if you are an Owner, that, prior to Transferring an Owner's equity and/or ownership interests in Franchisee that, among other things, Franchisee must notify us and obtain our written consent. Likewise, you acknowledge and agree that under the Franchise Agreement that prior to Franchisee's Transfer of the Franchise Agreement, among other things, Franchisee must notify us and obtain our written consent. For our protection and to prevent the subversion of the non-competition covenants contained in Article 4 of this Agreement and, to induce us to enter into the Franchise Agreement with Franchisee, you agree, that:

(a) if you are an Owner, should Franchisee fail to properly and timely notify us in writing of the proposed Transfer of your equity and/or ownership interests in Franchisee and/or should Franchisee, fail to obtain our consent to the proposed Transfer of your equity and/or ownership interests in Franchisee (which we may either reject or approve, in accordance with the terms and conditions of the Franchise Agreement), you shall remain subject to the non-competition covenants contained in Article 4 of this Agreement and irrespective of any purported and/or actual Transfer in violation of the terms and conditions of the Franchise Agreement; and

(b) if you are an Owner, should Franchisee fail to properly and timely notify us in writing of the proposed Transfer of the Franchise Agreement to a third party and/or should Franchisee, fail to obtain our consent to the proposed Transfer of the Franchise Agreement to a third party (which we may either reject or approve, in accordance with the terms and conditions of the Franchise Agreement), you shall remain subject to the non-competition covenants contained in Article 4 of this Agreement and irrespective of any purported and/or actual Transfer in violation of the terms and conditions of the Franchise Agreement.

**6. Personal Guaranty of Franchise Agreement and Financial Obligations.**

To secure Franchisee's financial obligations under the Franchise Agreement and all ancillary agreements executed by Franchisee in connection with the Franchise Agreement, including, but not limited to, any agreement for the purchase of goods or services from us or an affiliate of ours (collectively the "Ancillary Agreements") you individually, jointly and severally, and personally and unconditionally:

(a) guarantee to us and our successor and assigns, that Franchisee shall punctually satisfy and pay all of Franchisee's payment and other obligations under the Franchise Agreement;

(b) guarantee to us and our successor and assigns, that Franchisee shall punctually satisfy and pay all of Franchisee's payment and other obligations under the Ancillary Agreements;

(c) agree, at all times, to be personally bound by and personally liable for each and every fee, payment and monetary obligation due from Franchisee to us pursuant to the terms of the Franchise Agreement (including, but not limited to, the fee obligations of Article 5 of the Franchise Agreement, the advertising obligations of Article 9 of the Franchise Agreement, and the indemnification obligations of Article 10 of the Franchise Agreement);

(d) agree, at all times, to be personally bound by and personally liable for each and every fee, payment and monetary obligation due from Franchisee to us and/or our affiliates under the Ancillary Agreements;

(e) do, at all times, hereby personally guarantee payment of each and every fee, payment and monetary obligation due or that may become due from Franchisee to us pursuant to the terms of the Franchise Agreement including, but not limited to, the fee obligations of Article 5 of the Franchise Agreement, the advertising obligations of Article 9 of the Franchise Agreement, and the indemnification obligations of Article 10 of the Franchise Agreement; and

(f) do, at all times, hereby personally guarantee payment of each and every fee, payment and monetary obligation due or that may become due from Franchisee to us pursuant to the terms of the Ancillary Agreements.

**You waive:** (a) acceptance and notice of acceptance by us of the foregoing undertakings; (b) notice of demand for payment of any indebtedness guaranteed; (c) protest and notice of default to any party with respect to the indebtedness guaranteed; (d) any right you may have to require that an action be brought against Franchisee or any other person as a condition of liability; and (e) the defense of the statute of limitations in any action hereunder or for the collection of any indebtedness hereby guaranteed.

**You agree that**: (a) your direct and immediate liability under this guaranty shall be joint and several with Franchisee and all other signatories to this Agreement; (b) you will render any payment required under the Franchise Agreement and the Ancillary Agreements upon demand if Franchisee fails or refuses punctually to do so; (c) your liability shall not be contingent or conditioned upon pursuit by us of any remedies against Franchisee or any other person; and (d) liability shall not be diminished, relieved or otherwise affected by any extension of time, credit or other indulgence that we may grant to Franchisee or to any other person, including the acceptance of any partial payment or performance, or the compromise or release of any claims, none of which shall in any way modify or amend this guarantee, which shall be continuing and irrevocable during the term of each of the Franchise Agreement and the Ancillary Agreements and following the termination, expiration or Transfer of each of the franchise Agreement and the Ancillary Agreements to the extent any financial obligations under any such Franchise Agreement and Ancillary Agreements survive such termination, expiration or Transfer. This guaranty will continue unchanged by the occurrence of any bankruptcy with respect to Franchisee or any assignee or successor of Franchisee or by any abandonment of one or more of the Franchise Agreement and/or and Ancillary Agreements by a trustee of Franchisee. Neither your obligation to make payment in accordance with the terms of this undertaking nor any remedy for enforcement shall be impaired, modified, changed, released or limited in any manner whatsoever by any impairment, modification, change, release or limitation of the liability of Franchisee or its estate in bankruptcy or of any remedy for enforcement, resulting from the operation of any present or future provision of the U.S. Bankruptcy Act or other statute, or from the decision of any court or agency.

**7. Arbitration, Consent to Jurisdiction and Venue, and Cross-Default.**

Any dispute between the parties relating to this Agreement shall be brought in accordance with the dispute resolution procedures set forth in the Franchise Agreement. Notwithstanding the foregoing, if any of the dispute resolution procedures set forth in the Franchise Agreement conflict with any of the terms of this Agreement, the terms of this Agreement shall prevail. Without limitation to the foregoing, you agree that:

(a) Arbitration – Except, at our option, as to any claims or disputes related to or concerning a breach of this Agreement by you that may entitle us to the award of injunctive relief, you agree that any and all disputes, controversies, and claims, arising from and/or related to this Agreement, shall be submitted to the American Arbitration Association ("AAA") for binding arbitration. Arbitration shall be conducted by one arbitrator in accordance with the AAA's then current rules for commercial disputes, except as may be otherwise required in this Agreement. All arbitration proceedings shall be conducted in Monroe County, New York or, if suitable AAA facilities are not available in Monroe County, New York then at a suitable AAA location selected by the arbitrator that is located closest to Monroe County, New York.

In connection with binding arbitration, you agree that:

(i) All matters relating to arbitration, will be governed by the United States Federal Arbitration Act, except as expressly or otherwise set forth in this Agreement;

(ii) The arbitration hearing shall be conducted within 180 days of the demand for arbitration;

(iii) The arbitrator shall render written findings of fact and conclusions of law;

(iv) Except as may be otherwise required and/or prohibited by this Agreement, the arbitrator has the right to award or include in his or her award any relief that he or she determines to be proper, including monetary damages, interest on unpaid sums, specific performance, injunctive relief, attorneys' fees, and costs and expenses as allowable under this Agreement. Notwithstanding the foregoing, under no circumstance shall the Arbitrator be authorized to award or declare the Licensed Marks to be generic or invalid; and

(v) Judgment upon the arbitrator's award may be entered in any court of competent jurisdiction.

(b) **Consent to Jurisdiction and Venue – You agree that any judicial action or legal proceeding must be brought in a court of competent jurisdiction located within New York and within Monroe County or the county closest to Monroe County. You do hereby irrevocably consent to and waive any objection to such jurisdiction or venue. Without limitation to the foregoing and notwithstanding same, you agree that we, at our election, may bring any legal action or proceeding seeking a temporary restraining order, preliminary injunction, or any action seeking our enforcement of an arbitration award or any judicial decision in the federal or state court located in the county and state where you reside.**

(c) Acknowledgment as to Cross-Default – You acknowledge and agree that a breach of this Agreement by you shall constitute a material event of default under the Franchise Agreement, permitting us, among other things, to terminate the Franchise Agreement in accordance with the terms thereof.

**8. Miscellaneous.**

(a) If either party hires an attorney or files suit against the other party in relating to and alleging a breach of this Agreement, the losing party agrees to pay the prevailing party's reasonable attorneys' fees and costs incurred in connection with such breach.

(b) This Agreement will be governed by, construed and enforced under the laws of Delaware and the courts in that state shall have jurisdiction over any legal proceedings arising out of this Agreement.

(c) Any claim, defense or cause of action that you may have against us or against Franchisee, regardless of cause or origin, cannot be used as a defense against our enforcement of this Agreement.

(d) Each section of this Agreement, including each subsection and portion thereof, is severable. In the event that any section, subsection or portion of this Agreement is unenforceable, it shall not affect the enforceability of any other section, subsection or portion; and each party to this Agreement agrees that the court may impose such limitations on the terms of this Agreement as it deems in its discretion necessary to make such terms reasonable in scope, duration and geographic area.

(e) You agree that we may deliver to you any notice or other communication contemplated by this Agreement in the same manner and to the same address listed in the notice provisions of the Franchise Agreement and any such delivery shall be deemed effective for purposes of this Agreement. You may change the address to which notices must be sent by sending us a written notice requesting such change, which notice shall be delivered in the manner and to the address listed in the Franchise Agreement.

IN WITNESS WHEREOF, each undersigned has executed this Agreement as of the dates set forth below.

| **Owner:** | **Owner:** |
| --- | --- |
| Signature of Owner | Signature of Owner |
| Name (please print individual name) | Name (please print individual name) |
| Date | Date |
| Signature of Owner | Signature of Owner |
| Name (please print individual name) | Name (please print individual name) |
| Date | Date |

**Franchise Agreement – Exhibit 2**
Confidentiality Agreement

[THIS EXHIBIT IS FOR REFERENCE PURPOSES ONLY AS A SAMPLE FORM CONFIDENTIALITY AGREEMENT THAT FRANCHISOR MAY APPROVE FOR USE BY FRANCHISEE – BEFORE USING WITH AN EMPLOYEE OR CONTRACTOR FRANCHISEE SHOULD HAVE THIS AGREEMENT REVIEWED AND APPROVED BY AN INDEPENDENT LOCAL ATTORNEY HIRED BY FRANCHISEE]

CONFIDENTIALITY AGREEMENT (Sample Only)

This Agreement (the "Agreement") is entered into by the undersigned ("you") in favor of:

[Insert on the Line Below Name of Franchisee that Owns and Operates the iSmash Franchised Business]

_____ (hereinafter referred to as "us", "our" or "we")

Recitals and Representations

WHEREAS, we are the owners of a licensed iSmash Business (hereinafter referred to as the "iSmash Business") that we independently own and operate as a franchisee;

WHEREAS, you are or are about to be an employee, independent contractor, officer and/or director of an iSmash Business that is independently owned and operated by us;

WHEREAS, in the course of your employment, independent contractor relationship and/or association with us, you may gain access to Confidential Information (defined below in this Agreement) and you understand that it is necessary to protect the Confidential Information and for the Confidential Information to remain confidential;

WHEREAS, our franchisor, Smash Franchising LLC is not a party to this agreement and does not own or manage the iSmash Business but is an intended third party beneficiary of this Agreement; and

WHEREAS, this Agreement is not an employment agreement and is only a confidentiality agreement in connection with information, materials and access that may be provided to you in connection with the iSmash Business.

NOW THEREFORE, you acknowledge and agree as follows:

**1. Recitals and Representations.** You agree that the foregoing Recitals and Representations are true and accurate and shall constitute a part of this Agreement and are hereby incorporated into the main body of this Agreement.

**2. Definitions.** For purposes of this Agreement, the following terms have the meanings given to them below:

*"Business Management System"* refers to and means the software and/or internet or cloud based system and/or systems, point of sale system or systems and customer relationship management system or systems as used in connection with the operations of the iSmash Business.

*"Business Management System Data"* refers to and means the forms, data, tools, customer information, inventory and sales information, and other information that is entered into and/or maintained on the Business Management System of the iSmash Business.

*"Confidential Information"* refers to and means: (a) non-public methods, specifications, standards, policies, procedures, information, concepts, programs and systems relating to the development, establishment, marketing, promotion and operation of the iSmash Business; (b) information concerning customers, customer lists, email lists, database lists, product sales, operating results, financial performance and other financial data of the iSmash Business; (c) customer lists and information related to the iSmash Business; (d) Business Management System Data; (e) current and future information contained in the iSmash Operations Manual made available to the iSmash Business by Smash Franchising LLC; and (f) merchandise, inventory, and service procedures that are not disclosed to the public but used by the iSmash Business.

"*Digital* Media" refers to and means any interactive or static electronic document, application or media including, but not limited to, www.ismashusa.com, social media platforms and applications such as Facebook, LinkedIn, Twitter, Pinterest, Instagram, SnapChat, YouTube, and world wide web and internet based directories and local directories that refers, references, identifies, reviews, promotes and/or relates, in any way, to the iSmash Business or other iSmash Business.

*"Licensed Marks"* refers to and means the word marks, trademarks, service marks, and logos now or hereafter utilized in the operation of an iSmash Business, including, but not limited to, the "iSmash" word mark, associated logos, and any other trademarks, service marks or trade names that we designate for use in an iSmash Business.

*"Operations Manual"* refers to and means the confidential operations manual made available to the iSmash Business by our franchisor or as otherwise designated by us. The Operations Manual may consist of one or more volumes, handbooks, manuals, written materials, video, electronic media files, cloud/internet based list-service, intra-net, internet based and accessed databases, computer media, webinars and other materials as may be modified, added to, replaced or supplemented.

*"Trade Dress"* refers to and means the iSmash designs, images, marketing materials, packaging, branding and/or branding images used in connection with the operation of the iSmash Business.

**3**. **Your Access to Confidential Information.** In addition to the representations and acknowledgments contained in the Recitals and Representations, above, you acknowledge and represent that in your capacity as an employee, independent contractor, officer and/or director of the iSmash Business that you will be gaining access to, among other things, the Confidential Information. You acknowledge that the terms of this Agreement are fair and reasonable.

**4. Protection of the Confidential Information.** You agree that: (i) you will not use the Confidential Information in any business or capacity other than the iSmash Business; (ii) you will maintain the confidentiality of the Confidential Information at all times; (iii) you will not make unauthorized copies of documents containing the Confidential Information; (iv) you will take such reasonable steps as the we may ask of you from time to time to prevent unauthorized use or disclosure of the Confidential Information; and (v) you will stop using the Confidential Information immediately at our request or demand. You will not use the Confidential Information for any purpose other than for the performance of your duties on behalf of us and in accordance with the scope of your work with us.

**5. Reasonableness of Covenants and Restrictions.** You agree that the terms of this Agreement are reasonable and fair and that you have sufficient resources and business experience and opportunities to earn an adequate living while complying with the terms of this Agreement. **You hereby waive any right to challenge the terms of this Agreement as being overly broad, unreasonable or otherwise unenforceable.**

**6. Breach.** You agree that failure to comply with the terms of this Agreement will cause irreparable harm to us and to our franchisor Smash Franchising LLC, and other iSmash franchisees for which there is no adequate remedy at law. Therefore, you agree that any violation of these covenants will entitle us or our Franchisor Smash Franchising LLC to injunctive relief. You agree that we and/or our Franchisor Smash Franchising LLC may apply for such injunctive relief, without bond, but upon due notice, in addition to such further and other relief as may be available at equity or law, and the sole remedy of yours, in the event of the entry of such injunction, will be the dissolution of such injunction, if warranted, upon hearing duly held (all claims for damages by reason of the wrongful issuance of any such injunction being expressly waived hereby). If a court requires the filing of a bond notwithstanding the preceding sentence, you agree that the amount of the bond shall not exceed $1,000. None of the remedies available to us under this Article are exclusive of any other, but may be combined with others under this Agreement, or at law or in equity, including injunctive relief, specific performance and recovery of monetary damages.

**7. Miscellaneous**.

(a) If we hire an attorney or files suit against you because you have breached this Agreement and if we prevail in such lawsuit, you agree to pay the reasonable attorney fees and costs that we incur.

(b) Each section of this Agreement, including each subsection and portion thereof, is severable. In the event that any section, subsection or portion of this Agreement is unenforceable, it shall not affect the enforceability of any other section, subsection or portion; and each party to this Agreement agrees that the court may impose such limitations on the terms of this Agreement as it deems in its discretion necessary to make such terms reasonable in scope, duration and geographic area.

**(c) YOU ACKNOWLEDGE THAT THIS IS NOT AN EMPLOYMENT AGREEMENT.**

**(d) YOU ACKNOWLEDGE AND AGREE THAT OUR FRANCHISOR, SMASH FRANCHISING LLC, IS NOT A PARTY TO THIS AGREEMENT BUT IS AN INTENDED THIRD PARTY BENEFICIARY OF THIS AGREEMENT.**

IN WITNESS WHEREOF, each of the undersigned has executed this Agreement as of the date or dates set forth below.

| | |
|---|---|
| _____ | _____ |
| Individual Signature of Restricted Party | Individual Signature of Restricted Party |
| _____ | _____ |
| Name (please print) | Name (please print) |
| Date: _____ | Date: _____ |

**Franchise Agreement – Exhibit 3**
Site Selection Acknowledgment

iSmash

# SITE SELECTION ACKNOWLEDGMENT

**(THIS DOCUMENT DOES NOT CONSTITUTE THE APPROVAL OF A CENTER LOCATION, DOES NOT GRANT OR DESIGNATE AN OPERATING TERRITORY AND DOES NOT GRANT ANY TERRITORIAL RIGHTS)**

**Date of this Acknowledgment:_____(the "Site Selection Acknowledgment Date")**

Pursuant to and subject to the terms of the Franchise Agreement dated _____ by and between Smash Franchising LLC, as Franchisor, and _____, as Franchisee (the "Franchise Agreement"), Franchisee has identified a potential area in which Franchisee may seek to identify a potential Center location for Franchisee's iSmash Center. Based on Franchisee's request, Franchisor agrees that during the limited period of time that commences on the Site Selection Acknowledgment Date and automatically expires 60 calendar days after the Site Selection Acknowledgment Date, that Franchisor shall not grant to any third party the license or right to establish an iSmash Center Location within the following geographic area constituting the Site Selection Area, as such term is defined in the Franchise Agreement:

| Site Selection Area: [Must be completed by Franchisor] |
|---|
| |

The terms contained in this Site Selection Acknowledgment shall have the meaning set forth in the Franchise Agreement including, but not limited to Article 1 and Article 2 of the Franchise Agreement. In the event of any inconsistency or conflict between this Site Selection Acknowledgment and the terms of the Franchise Agreement, the terms of the Franchise Agreement shall take precedence and govern. If Franchisor does not complete the Site Selection Acknowledgment Date and sign this Site Selection Acknowledgment then this Site Select Addendum shall not be effective and there shall be no Site Selection Area. As set forth in the Franchise Agreement, among other things, A SITE SELECTION AREA IS NOT AN OPERATING TERRITORY, DOES NOT CONSTITUTE THE APPROVAL AS TO ANY CENTER LOCATION AND DOES NOT AFFORD FRANCHISEE ANY TERRITORIAL RIGHTS.

**Franchisor:**
Smash Franchising LLC

By:_____
Signature

_____
Name and Title (please print)

_____
Dated

**Franchise Agreement – Exhibit 4**
Lease Agreement Rider

iSmash

# LEASE AGREEMENT RIDER

(for the benefit of Smash Franchising LLC and its assigns)

THIS RIDER TO LEASE ("Rider") does hereby supplement, modify and amend the terms of the lease agreement (the "Lease") dated _____ by and between _____, a _____ with a principal place of business located at _____ (the "Landlord") and _____, a _____ with a principal place of business located at _____ (the "Tenant").

WHEREAS, the lease relates to the following commercial premises (the "Leased Premises"):

_____

_____

WHEREAS, Smash Franchising LLC (the "Franchisor") is the franchisor of the iSmash franchise system (the "iSmash Franchise System");

WHEREAS, Franchisor's mailing and notice address (the "Notice Address") is 1225 Jefferson Road #13, Rochester, New York 14623.

WHEREAS, The iSmash Franchise System relates to and includes an iSmash Center, an entertainment center that allows customers to smash common household items using instruments such as baseball bats, crowbars, and sledgehammers from a safe and fun environment and other optional add on services such as splatter paint, axe throwing and other services and products that Franchisor authorizes under the "iSmash" name and marks (the "Intended Use");

WHEREAS, Tenant is a franchisee of Franchisor pursuant to the terms of a Franchise Agreement entered into between Franchisor and Tenant (the "Franchise Agreement") and the Leased Premises is to be used and operated by Tenant for the purpose of developing, establishing and operating an iSmash Center in accordance with the iSmash franchise system; and

WHEREAS, Franchisor and Franchisor's successors and assigns (collectively referred to as "Franchisor") is/are intended third party beneficiaries of this Rider.

NOW THEREFORE, Landlord and Tenant acknowledge and agree to the following:

1. This Rider supplements and amends the Lease. In the event of any inconsistency or conflict between the terms of this Rider and the Lease, the terms of this Rider shall prevail. Landlord and Tenant acknowledge that the rights set forth in this Rider may not be reduced, modified or altered without the express written consent of Franchisor.

2. Landlord and Tenant both agree that Tenant shall not be permitted to transfer, sublease, encumber and/or otherwise assign Tenant's interests in the Lease and/or the Leased Premises without the prior written

consent of Franchisor. Without limitation to the foregoing, among other things, Tenant agrees that if Tenant wishes to transfer any interests in the Lease or the Leased Premises that Tenant must request the written consent of Franchisor. If Tenant requests Landlord's consent to Tenant's amendment, transfer and/or assignment of Tenant's interests in the Lease and/or the Leased Premises and if Landlord is inclined to approve of such amendment, transfer and/or assignment that Landlord shall condition Landlord's approval upon Tenant also obtaining written consent from Franchisor.

3. Upon the occurrence of (a) the termination, for any reason, of the Franchise Agreement; (b) the expiration, without renewal, of the Franchise Agreement; (c) Franchisor's exercise of Franchisor's Right of First Refusal granted to Franchisor in the Franchise Agreement; (d) Tenant's default under the terms of the Lease; and/or (e) Tenant's failure to exercise an option period under the terms of the Lease, Tenant and Landlord acknowledge and agree, that:

> Franchisor will have the option, but not the obligation, to assume or renew the Lease and the occupancy of the Leased Premises, including the right to sublease to another Franchisee of the iSmash Franchise System, for all or any part of the remaining term of the Lease and, in connection with said assumption, Franchisor will not be obligated to pay to Landlord more than two months past due rent, real estate taxes and common area maintenance charges. In the event Franchisor assumes Tenant's leasehold interest in the Lease pursuant to the terms of this Agreement and subsequently assigns the Lease and its leasehold interest to an iSmash franchisee approved by Landlord, Franchisor shall not be responsible for any obligations, debts, liabilities or payments arising and/or accruing under the Lease after the effective date of such assignment. Landlord agrees that any assignment of the Lease and Tenant's leasehold interests in the Lease by Tenant to Franchisor and/or assumption by Franchisor of the Lease and such leasehold interests shall not require Landlord consent and shall not require any payment of any assignment fee or similar charge or result in any increase in rent or other fees as a result of such assignment and/or assumption.

4. Landlord must provide Franchisor, at the same time that Landlord provides Tenant, with a copy of all lease amendments and assignments, and a copy of all letters and notices that Landlord sends to Tenant relating to the Lease or the Premises. Subject to the rights set forth in Section "3" of this Rider, Landlord agrees to notify Franchisor by nationally recognized overnight courier at the Notice Address of any default by Tenant under the Lease. Landlord agrees that such notice shall afford Franchisor the option for Franchisor to invoke a cure period whereby Franchisor, upon Franchisor's sole election, shall be granted an additional 15 day period to cure any monetary default by Tenant under the Lease and an additional 30 day period to cure any non-monetary default by Tenant under the Lease. In the event that the non-monetary default cannot reasonably be cured within such period and if diligent efforts to cure promptly commence, then the cure period shall continue as long as such diligent efforts to cure continue, but not beyond 180 days from the date notice is provided.

5. Upon expiration and non-renewal or termination of the Lease or the Franchise Agreement, Franchisor shall have the right, upon notice to Landlord, to enter the Premises and remove any interior and exterior signs containing Franchisor's trademarks and trade fixtures. Landlord further agrees that Franchisor's rights to any such signs or fixtures shall be superior to any rights Landlord may have to such signs or fixtures (by lien or otherwise) set forth in the Lease or otherwise.

6. Landlord and Tenant acknowledge and agree that Franchisor is an intended third party beneficiary of this Rider and that Franchisor may bring an action to enforce Franchisor's rights under this Rider and in and to the Lease and the Leased Premises. Franchisor makes no representations or warranties regarding this Rider or in connection with the Lease and Franchisor's approval of Tenant's Lease only indicates that the proposed Lease meets Franchisor's minimum criteria, and the parties agree that Franchisor's approval or

disapproval of the Lease will not impose any liability or obligation on Franchisor. Tenant must have a competent real estate attorney review the Lease, at Tenant's expense.

7. Upon request of Franchisor, the Landlord will subordinate any lien and/or security interest in Tenant's property to the security interest of Franchisor.

| **Landlord:** | **Tenant:** |
|---|---|
| Signature | Signature |
| Name and Title (please print) | Name and Title (please print) |
| Dated | Dated |

**Franchise Agreement – Exhibit 5**
Collateral Assignment of Lease

# COLLATERAL ASSIGNMENT OF LEASE

(for the benefit of Smash Franchising LLC and its assigns)

For Value Received, the undersigned ("Assignor") hereby assigns and transfers to Smash Franchising LLC ("Assignee"), all of Assignor's right, title and interest as tenant in, to and under a certain lease, a copy of which is attached hereto as Exhibit "A" (the "Lease") for the following premises (the "Leased Premises"):

_____

_____

This Assignment is for collateral purposes only and except as may be otherwise expressly stated and specified herein under no circumstance shall Assignee have any liability or obligation under the Lease and/or Leased Premises, unless: (a) Assignee provides an express written statement that is addressed to Assignor and the landlord for the Leased Premises, is delivered by Assignee to Assignor and the landlord for the Leased Premises, is signed by an officer of Assignee, and that expressly states that Assignee is assuming all rights and interests in and to the Lease pursuant to this Assignment; and (b) Assignee takes possession of the Leased Premises pursuant to the terms hereof, and Assignee assumes the obligations of Assignor under the Lease.

Assignor represents that Assignor possesses full power and authority to enter into this Assignment and that at no time prior to executing this Assignment has Assignor assigned and/or transferred Assignor's interests and/or rights in or to the Lease and/or the Leased Premises.

Assignee has the right and possesses full power and authority to take possession of the Leased Premises, to eject and expel Assignor from possession and occupancy of the Leased Premises and to terminate Assignor's right, title and interest in and to the Lease in the event of: (a) a default by Assignor under the terms of the Lease and Assignor's failure to timely cure such default, assuming that such default is capable of curing; (b) a default by Assignor (in Assignor's capacity as an iSmash Center franchisee) under the terms and conditions of the iSmash Center Franchise Agreement between Assignor, as franchisee, and Assignee, as franchisor (the "Franchise Agreement"), and Assignor's failure to timely cure such default, assuming that such default is capable of curing; (c) upon default of any agreement supporting or guaranteeing the Franchise Agreement; or (d) the expiration or termination of the Franchise Agreement.

Assignor agrees that Assignor will not and shall not permit, grant or suffer any termination, surrender or modification of the Lease without the prior written consent of Assignee. Throughout the term of the Franchise Agreement, Assignor shall elect and exercise all options to extend the terms of the or renewal of the Lease not less than 120 days prior to the last day that the option must be exercised unless Assignee

otherwise agrees in writing. Should Assignor fail to comply with the foregoing, Assignor does hereby appoint Assignee (subject to Assignees acceptance and invocation of such right) to act on behalf of Assignor for the purpose of effectuating extensions and renewals of the Lease.

**Assignor:**

_____

Signature

_____

Name and Title (please print)

_____

Dated

NOTARY SIGNATURE, SEAL AND INFORMATION: On _____before me, the undersigned, personally appeared _____ personally known to me or proven to me on the basis of satisfactory evidence to be the individual(s) whose name(s) is (are) subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their capacity/capacities, and that by his/her/their signature(s) on the instrument, the individual(s), or the person upon behalf of which the individual(s) acted, executed the instrument.

_____

Notary Signature and Seal

**Franchise Agreement – Exhibit 6**
Assignment of Telephone Numbers and Digital Media Accounts

# ASSIGNMENT OF TELEPHONE NUMBERS AND DIGITAL MEDIA ACCOUNTS

(for the benefit of Smash Franchising LLC and its assigns)

THIS ASSIGNMENT OF TELEPHONE NUMBERS AND DIGITAL MEDIA ACCOUNTS ASSIGNMENT ("Assignment") is entered into between _____ (the "Assignor") and Smash Franchising LLC and its successors and assigns (the "Assignee").

WHEREAS, Assignee is the franchisor of the iSmash Center franchise system (the "iSmash Center Franchise System");

WHEREAS, Assignor, as franchisee, and Assignee, as franchisor, are parties to an iSmash Center Franchise Agreement (the "Franchise Agreement")

WHEREAS, the term "Digital Media" shall refer to and mean "any interactive or static electronic document, application or media that is connected to and/or in a network of computers, servers and/or other devices linked by communications software, part of the world wide web (including, but not limited to websites), linked by the internet or part of a web based application, software application, smart phone based application or social media platform including, but not limited to social media platforms and applications such as Facebook, LinkedIn, Twitter, Pinterest, Instagram, SnapChat, and YouTube, and world wide web and internet based directories and local directories that refers, references, identifies, reviews, promotes and/or relates, in any way, to an iSmash Center, iSmash Centers, Assignor's iSmash Center and/or trademarks associated with the iSmash Center Franchise System and/or Assignee. Digital Media further includes the iSmash Center website, web pages and website subdomains (including those related to, associated with and/or a part of the iSmash Center Franchise System) associated with and/or related to Assignor's iSmash Center and all web pages, blog posts, videos, articles, information, sub-domains, and all other media and/or publications relating to the iSmash Center Franchise System that is displayed and/or transmitted digitally"; and

WHEREAS, in connection with Assignor's establishment and operation of an iSmash Center, Assignor will be utilizing accounts, information, phone numbers and Digital Media subject to strict requirements set forth in the Franchise agreement.

NOW THEREFORE, Assignor, in exchange for good and valuable consideration provided and paid by Assignee (receipt of which is hereby acknowledged), agrees:

1. That Assignor does hereby assign to assignee all telephone numbers, facsimile numbers, listings, domain names and Digital Media that is associated with Assignor's iSmash Center including, the following (all collectively referred to as the "Media"):

(a) All phone numbers, facsimile numbers and listings that are currently, or in the future, associated with Assignor's iSmash Center;

(b) The following telephone and facsimile numbers:

_____
_____; and

(c) All Digital Media, all Digital Media accounts and all Digital Media log-in information.

The foregoing shall not be construed and/or interpreted as Assignees acknowledgment and/or agreement that Assignor owns and/or possesses any ownership interests in the foregoing telephone numbers, accounts and/or Digital Media. Any and all rights of Assignor in and to same exist subject to a limited license pursuant to the iSmash Center Franchise Agreement which shall take precedence and govern. However, this Assignment is intended by Assignor and Assignee to be an instrument that may be relied upon by all third parties to authorize and permit the assignments and transfers set forth in this Assignment and to facilitate the transfer of accounts and media to within the control of Assignee. Nothing contained in this Assignment shall be used to construe nor imply that Assignor possesses any ownership interests or rights in the Digital Media and in the event of any inconsistency or conflict between this Assignment and the Franchise Agreement, the Franchise Agreement shall take precedence and govern.

2. This Assignment will become effective automatically upon the termination or expiration of the Franchise Agreement for any reason. As to all third parties proof of the expiration or termination of the Franchise Agreement shall exist exclusively upon the written declaration of Assignee and Assignee's declaration shall be dispositive and not subject to challenge. Assignor agrees that all third parties may rely on this Assignment for the purpose of taking any and all actions to ensure that access to and control of the Media is maintained by Assignee.

**UTILIZATION OF THIS ASSIGNMENT SHALL EXIST AT THE SOLE DISCRETION OF ASSIGNEE AND FOR THE SOLE BENEFIT OF ASSIGNEE.**

**Assignee:** Smash Franchising LLC **Assignor:**

| | |
|---|---|
| Signature | Signature |
| Name and Title (please print) | Name (please print) |
| Dated | Dated |

**Franchise Agreement – Exhibit 7**
ACH Authorization Form

## AUTOMATED CLEARING HOUSE PAYMENT AUTHORIZATION FORM

**Franchisee Information:**

Franchisee Name | Business No.

Franchisee Mailing Address (street) | Franchisee Phone No.

Franchisee Mailing Address (city, state, zip)

Contact Name, Address and Phone Number (if different from above)

Franchisee Fax No. | Franchisee Email Address

**Bank Account Information:**

Bank Name

Bank Mailing Address (street, city, state, zip)

Bank Account No. | [ ] Checking [ ] Savings (check one) | Bank Routing No.

Bank Phone No.

**Authorization:**
Franchisee hereby authorizes Smash Franchising LLC ("Franchisor") to initiate debit entries to Franchisee's account with the Bank listed above and Franchisee authorizes the Bank to accept and to debit the amount of such entries to Franchisee's account. Each debit shall be made from time to time in an amount sufficient to cover any fees payable to Franchisor pursuant to any agreement between Franchisor and Franchisee as well as to cover any purchases of goods or services from Franchisor or any affiliate of Franchisor. Franchisee agrees to be bound by the National Automated Clearing House Association (NACHA) rules in the administration of these debit entries. Debit entries will be initiated only as authorized above. This authorization is to remain in full force and effect until Franchisor has received written notification from Franchisee of its termination in such time and in such manner as to afford Franchisor and the Bank a reasonable opportunity to act on it. Franchisee shall notify Franchisor of any changes to any of the information contained in this authorization form at least 30 days before such change becomes effective.

Signature: _____ Date: _____

Name: _____ Federal Tax TD No.: _____

Its: _____

**NOTE: FRANCHISEE MUST ATTACH A VOIDED CHECK RELATING TO THE BANK ACCOUNT**

**Franchise Agreement – Exhibit 8**
General Release

# GENERAL RELEASE

TO ALL TO WHOM THESE PRESENTS SHALL COME OR MAY CONCERN, KNOW THAT:

_____, as RELEASOR, in consideration of good and valuable consideration received from:

**Smash Franchising LLC**, as RELEASEE, receipt of which is hereby acknowledged, releases and discharges the RELEASEE, RELEASEE'S heirs, officers, members, agents, executors, administrators, successors and assigns, from all claims, actions, causes of action, suits, debts, dues, sums of money, accounts, reckonings, bonds, bills, specialties, covenants, contracts, controversies, agreements, contracts, promises, variances, trespasses, damages, judgments, extents, executions, claims, and demands whatsoever, in law, admiralty or equity which against the RELEASEE, the RELEASOR, RELEASOR'S, heirs, executors, administrators, successors and assigns ever had, now have or hereafter can, shall or may, have for, upon, or by reason of any matter, cause or thing whatsoever from the beginning of the world to the day of the date of this RELEASE. The words "RELEASOR" and "RELEASEE" include all releasors and releasees under this Release. This Release may not be changed orally.

This General Release will not apply with respect to claims arising under the Washington Franchise Investment Protection Act, RCW 19.100, and the rules adopted thereunder.

IN WITNESS WHEREOF, the **RELEASOR** has hereunto set RELEASORS' had and seal on the date set forth below.

**Releasor:**

_____
Signature

_____
Name (please print)

Date _____

NOTARY SIGNATURE, SEAL AND INFORMATION: On _____before me, the undersigned, personally appeared _____ personally known to me or proven to me on the basis of satisfactory evidence to be the individual(s) whose name(s) is (are) subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their capacity/capacities, and that by his/her/their signature(s) on the instrument, the individual(s), or the person upon behalf of which the individual(s) acted, executed the instrument.

_____
NOTARY SEAL AND SIGNATURE



FRANCHISE DISCLOSURE DOCUMENT
**EXHIBIT F**
MULTI-UNIT DEVELOPMENT AGREEMENT

ISMASH

# MULTI-UNIT DEVELOPMENT AGREEMENT

| FRANCHISEE: |
| --- |
| |

## iSmash Multi-Unit Development Agreement

Table of Contents


| Section | | Page |
|---|---|---|
| 1. | DEFINITIONS | **1** |
| 2. | DEVELOPMENT RIGHTS | **4** |
| 2.1 | DEVELOPMENT GRANT AND DEVELOPMENT OBLIGATIONS | 4 |
| 2.2 | LIMITED EXCLUSIVITY AND RESERVED RIGHTS | 4 |
| 2.3 | PERSONAL RIGHTS | 5 |
| 3. | TERM AND TERMINATION | **5** |
| 3.1 | TERM | 5 |
| 3.2 | TERMINATION BY FRANCHISOR | 5 |
| 4. | DEVELOPMENT AREA FEE, INITIAL FEES AND DEVELOPMENT SCHEDULE | **5** |
| 4.1 | DEVELOPMENT AREA FEE | 5 |
| 4.2 | DEVELOPMENT CENTER INITIAL FRANCHISE FEES | 6 |
| 4.3 | PAYMENT OF INITIAL FRANCHISE FEES AND FRANCHISE AGREEMENTS | 6 |
| 4.4 | DEVELOPMENT SCHEDULE | 6 |
| 4.5 | REASONABLENESS OF DEVELOPMENT SCHEDULE | 7 |
| 5. | OTHER OBLIGATIONS OF FRANCHISEE | **7** |
| 5.1 | EXECUTION OF FRANCHISE AGREEMENTS | 7 |
| 5.2 | ROYALTY FEES AND OTHER FRANCHISE AGREEMENT FEES ACKNOWLEDGMENT | 7 |
| 5.3 | MODIFICATIONS TO FRANCHISE AGREEMENT | 7 |
| 5.4 | COMPLIANCE WITH FRANCHISE AGREEMENTS | 7 |
| 5.5 | SITE SELECTION | 7 |
| 5.6 | SITE SELECTION CRITERIA | 8 |
| 6. | TRANSFER OF INTEREST | **8** |
| 6.1 | BY FRANCHISOR | 8 |
| 6.2 | BY FRANCHISEE | 8 |
| 7. | ENFORCEMENT AND CONSTRUCTION | **8** |
| 7.1 | SEVERABILITY AND SUBSTITUTION OF VALID PROVISIONS | 8 |
| 7.2 | WAIVER OF OBLIGATIONS | 9 |
| 7.3 | SPECIFIC PERFORMANCE AND INJUNCTIVE RELIEF | 9 |
| 7.4 | RIGHTS OF PARTIES ARE CUMULATIVE | 9 |
| 7.5 | GOVERNING LAW | 10 |
| 7.6 | MEDIATION, BINDING ARBITRATION, AND CONSENT TO JURISDICTION | 10 |
| 7.7 | VARIANCES | 11 |
| 7.8 | LIMITATIONS OF CLAIMS | 12 |
| 7.9 | WAIVER OF PUNITIVE DAMAGES | 12 |
| 7.10 | WAIVER OF JURY TRIAL | 12 |
| 7.11 | BINDING EFFECT | 12 |
| 7.12 | COMPLETE AGREEMENT | 12 |
| 7.13 | ATTORNEY FEES AND EXPENSES | 13 |
| 7.14 | WAIVER OF CLASS-ACTION: INDIVIDUAL DISPUTE RESOLUTION AND NO MULTI-PARTY ACTIONS | 13 |
| 7.15 | ACCEPTANCE BY FRANCHISOR | 13 |
| 7.16 | NO PERSONAL LIABILITY BY FRANCHISOR'S EMPLOYEES, OFFICERS AND/OR AUTHORIZED AGENTS | 13 |
| 7.17 | NON-UNIFORM AGREEMENTS | 13 |
| 7.18 | NO RIGHT TO OFFSET | 13 |
| 7.19 | HEADINGS | 14 |
| 7.20 | AUTHORITY TO EXECUTE AND BIND | 14 |
| 7.21 | COUNTERPARTS; ELECTRONIC SIGNATURES; MULTIPLE COPIES | 14 |
| 7.22 | JOINT AND SEVERAL LIABILITY | 14 |
| 7.23 | RECITALS AND REPRESENTATIONS | 14 |
| 7.24 | FORCE MAJEURE | 14 |
| 8. | NOTICES | **14** |


Schedule


Schedule A Development Information Sheet

iSmash

# MULTI-UNIT DEVELOPMENT AGREEMENT

This Multi-Unit Development Agreement (the "Agreement") is made and entered into on _____, 20__ ("Effective Date"), by and between Smash Franchising LLC, a Delaware limited liability company with a principal place of business located at 1225 Jefferson Road #13, Rochester, New York 14623, (the "Franchisor") and _____(the "Franchisee").

## RECITALS

WHEREAS, Franchisor has developed a distinctive and proprietary system (the "System") for the establishment, development and operation of an iSmash Center, an entertainment center that allows customers to smash common household items using instruments such as baseball bats, crowbars, and sledgehammers from a safe and fun environment and other optional add on services such as splatter paint, axe throwing and other services and products that Franchisor authorizes (each, a "Franchised Business" or "Center");

WHEREAS, the System and, therefore, each Center is identified by the Marks (defined below) and distinctive trade dress, service offerings, business formats, equipment, products, supplies, operating procedures, programs, methods, procedures, and marketing and advertising standards, all of which are part of the System and all of which Franchisor may modify from time to time;

WHEREAS, simultaneous or prior to the execution of this Agreement, Franchisor and Franchisee have entered into a Center Franchise Agreement for Franchisee's development and operation of a Center (the "First Development Center") to be located within a territory located within the Development Area (defined below);

WHEREAS, Franchisee has requested the right to develop and operate multiple Centers (each a "Development Center") to be located with a defined geographical area (the "Development Area") in accordance with a development schedule that must be strictly adhered to, with each Center within the Development Area being opened and operating utilizing the Marks and System pursuant to the terms and conditions set forth in a separate form of Franchisor's then current Franchise Agreement for iSmash Centers (each, a "Franchise Agreement"); and

WHEREAS, Franchisee agrees that adherence to the terms of this Agreement, each and every Center individual unit Franchise Agreement, Franchisor's operations manual, and Franchisor's System standards and specifications, are essential to the operation of all iSmash Centers and the System as a whole.

NOW THEREFORE, the parties, in consideration of the mutual undertakings and commitments of each party set forth herein, agree, as follows:

## SECTION 1
## DEFINITIONS

Supplementing the definitions contained in the Recitals, above, the following terms will have the meaning as defined below:

"**Abandonment**" refers to and means the conduct of the Franchisee, including acts of omission as well as commission, indicating the willingness, desire or intent of the Franchisee to discontinue the

development and/or operation of the iSmash Centers in the Development Area in accordance with the terms of this Agreement.

"**Affiliates**" means individually or collectively, any and all entities controlling, controlled by, or under common ownership with Franchisor.

"**Center**" shall have the meaning set forth in the Recitals and shall refer to all Centers operating under the System and Marks, whether owned by us or any Affiliate, or licensed or franchised by us or any Affiliate.

"**Center Location(s)**" refers to and means the fixed locations from which iSmash Centers are established, operated and managed.

"**Corporate Entity**" refers to and means a corporation, limited liability company, partnership or other corporate legal entity that is not an individual person.

"**Cumulative Development Centers**" shall, respectively, have the meaning defined and set forth in Section 4.4 of this Agreement.

"**Development Area**" shall have the meaning defined and set forth in Section 2.1 of this Agreement.

"**Development Area Fee**" shall have the meaning defined and set forth in Section 4.1 of this Agreement.

"**Development Center**" shall have the meaning defined and set forth in Section 2.1 of this Agreement.

"**Development Center Initial Franchise Fee**" shall have the meaning defined and set forth in Section 4.2 of this Agreement.

"**Development Information Sheet**" refers to and means the Development Information Sheet attached to this Agreement as Schedule A. The Development Information Sheet is incorporated into this Agreement.

"**Development Period**" shall, respectively, have the meaning defined and set forth in Section 4.4 of this Agreement.

"**Development Schedule**" shall have the meaning defined and set forth in Section 4.4 of this Agreement.

"**Effective Date**" shall be the date set forth, defined and referred to in the first paragraph of this Agreement.

"**First Development Center**" refers to and means the Center to be developed by Franchisee as the first Development Center to developed and operated by Franchisee within the Development Area.

"**Franchise Agreement**" refers to and means Franchisor's individual unit iSmash Center Franchise Agreement as designated and determined by Franchisor from time to time.

"**iSmash Center(s)**" shall have the meaning defined in the Recitals section of this Agreement and, without limitation to the Recitals section definition of "iSmash Centers", shall further include, refer to

and mean: every business and all businesses owned and/or operated by Franchisor, Franchisor's affiliates and/or authorized franchisee(s) that utilize and/or is/are required to utilize the System and/or Licensed Marks including, but not limited to, the Franchised Business.

"**Marks**" means such service marks, trademarks, trade dress, trade names, logos, commercial symbols and all configurations and derivations thereof, as may presently exist, or which may be modified, changed, or acquired by Franchisor or Franchisor's affiliates, in connection with the operation of Centers.

"**Newly Opened Development Center(s)**" shall, respectively, have the meaning defined and set forth in Section 4.4 of this Agreement.

"**Operations Manual**" refers to and means, individually and collectively, the manual(s) designated by Franchisor and relating to the development and/or operations of iSmash Centers including, but not limited to, the policies, procedures and requirements for the development and operation of iSmash Centers. The Operations Manual may consist of one or more volumes, handbooks, manuals, written materials, videos, electronic media files, cloud/internet based list-service, intranet, internet based and accessed databases, computer media, email, webinars and other materials as may be modified, added to, replaced or supplemented by Franchisor from time to time in Franchisor's Reasonable Business Judgment, whether by way of supplements, replacement pages, franchise bulletins, or other official pronouncements or means. Subject to Franchisor's modification from time to time and based on Franchisor's Reasonable Business Judgment, the Operations Manual shall, among other things, designate the Approved Services and Products that must be offered and provided by the Franchised Business.

"**Owner**" refers to and means collectively, individually and jointly: (a) the officers and directors of Franchisee (including the officers and directors of any general partner of Franchisee) who hold an ownership interest in Franchisee as of the Effective Date; (b) the managing member(s) or manager(s) of Franchisee as of the Effective Date, if franchisee is a limited liability company; and (c) all holders of a 5% or more direct or indirect ownership interest in Franchisee as of the Effective Date and/or of any entity directly or indirectly controlling Franchisee;

"**System**" means Franchisor's business format and systems for the development and operation of an iSmash Center, an entertainment center that allows customers to smash common household items using instruments such as baseball bats, crowbars, and sledgehammers from a safe and fun environment and other optional add on services such as splatter paint, axe throwing and other services and products, including, the methods, proprietary merchandise products, services, procedures, signs, designs, layouts, equipment, standards, specifications, Marks, and Operations Manual, including, the contents thereof as they exist and as they are modified and supplemented, marketing and advertising methods, vendor lists, trade secrets and confidential information as the same may be modified, amended or replaced from time to time hereafter by Franchisor.

"**Term**" refers to and means the period of time set forth and defined in Section 3.1 of this Agreement.

"**Total Development Centers**" refers to and means the aggregate number of Development Centers as defined in Section 2.1 of this Agreement.

"**Transfer**" refers to and means and shall include, without limitation, the following, whether voluntary or involuntary, conditional or unconditional, and/or direct or indirect: (a) an assignment, sale, gift, transfer, pledge or sub-franchise; (b) the grant of a mortgage, charge, lien or security interest, including,

without limitation, the grant of a collateral assignment; (c) a merger, consolidation, exchange of shares or other ownership interests, issuance of additional ownership interests or securities representing or potentially representing ownership interests, or redemption of ownership interests; (d) a sale or exchange of voting interests or securities convertible to voting interests, or an agreement granting the right to exercise or control the exercise of the voting rights of any holder of ownership interests or to control the operations or affairs of Franchisee; and/or (e) the legal and/or equitable transfer and/or sale of an Owners interests and/or voting rights in Franchisee.

## SECTION 2
## DEVELOPMENT RIGHTS

### 2.1 DEVELOPMENT GRANT AND DEVELOPMENT OBLIGATIONS

Franchisor grants to Franchisee the right, and Franchisee accepts the right and undertakes the obligation to develop iSmash Centers, each to be developed, opened and operated by Franchisee within the Development Area (each, a "Development Center"), provided that Franchisee develops, opens and operates such Development Centers in strict accordance with the Development Schedule, and, in accordance with the terms and provisions of each respective Franchise Agreement.

The aggregate number of Development Centers (including the First Development Center) (collectively, referred to as the "Total Development Centers") that are authorized by this Agreement and required for development, subject to the terms of this Agreement and each respective Franchise Agreement, is set forth and defined in the Development Information Sheet.

The Development Area is and shall constitute the geographic area set forth and identified in the Development Information Sheet.

The Development Information Sheet is attached as Schedule A to this Agreement and is incorporated into and made a part of this Agreement. To be effective the Development Information Sheet must be completed and signed by Franchisor.

Franchisee agrees that Franchisee must: (a) open and commence the operations of each new Development Center in accordance with the Development Schedule for each respective Development Period, as set forth in this Agreement; and (b) maintain in operation the minimum cumulative number of Development Centers in accordance with the Development Schedule for each respective Development Period. Franchisee agrees that *"time is of the essence"* with respect to Franchisee's development obligations under this Agreement, and that Franchisee's failure to comply with the Development Schedule is grounds for immediate termination of this Agreement and, any future development rights granted under this Agreement.

During the Term of this Agreement, provided that Franchisee is in compliance with the terms and provisions of this Agreement including, but not limited to, the Development Schedule, and each respective Franchise Agreement, Franchisor will not open, operate, or license any third party the right to open or operate iSmash Centers within the Development Area. Franchisee agrees that the designated territory for each Development Center shall be determined by the Franchise Agreement for each respective Development Centers and that, in aggregate, the operating territories for Franchisee's Development Centers may be smaller than the Development Area.

### 2.2 LIMITED EXCLUSIVITY AND RESERVED RIGHTS

Except as provided in Section 2.1 of this Agreement, the rights granted in this Agreement are non-exclusive. Franchisor, on Franchisor's own behalf and on behalf of Franchisor's affiliates, successors and assigns, reserves all other rights not expressly granted to Franchisee in this Agreement.

### 2.3 PERSONAL RIGHTS

Franchisee does not and shall not have or possess the right to franchise, subfranchise, license, sublicense and/or otherwise Transfer Franchisee's rights under this Agreement. The rights and privileges granted and conveyed to the Franchisee in this Agreement may not be Transferred, and, among other things, relate only to Development Area and subject to the terms and conditions of each respective Franchise Agreement for each Development Center.

## SECTION 3
## TERM AND TERMINATION

### 3.1 TERM

This Agreement will be for a term (the "Term") that commences as of the Effective Date and, unless earlier terminated by Franchisor, will automatically end on the earlier of (a) the last day of the calendar month that the final Development Center is required to be opened and operating under the Development Schedule, (b) the day the final Center is open, or (c) the date of termination of this Agreement pursuant to the terms of this Agreement. Upon expiration or termination of this Agreement for any reason, Franchisee will not have any rights within the Development Area other than territorial rights that may have been granted to Franchisee and maintained by Franchisee pursuant to the terms of any and/or each respective Franchise Agreement. The Term may not be renewed or extended.

### 3.2 TERMINATION BY FRANCHISOR

Franchisor possesses the right, at Franchisor's option, to terminate this Agreement and all rights granted to Franchisee hereunder, without affording Franchisee with any opportunity to cure such default, effective upon written notice to Franchisee, or automatically upon the occurrence of any of the following events: (a) if Franchisee Abandons Franchisee's obligations under this Agreement; (b) if Franchisee for four consecutive months, or any shorter period that indicates an intent by Franchisee to discontinue Franchisee's development of Centers within the Development Area; (c) if Franchisee becomes insolvent or is adjudicated bankrupt, or if any action is taken by Franchisee, or by others against the Franchisee, under any insolvency, bankruptcy or reorganization act, or if Franchisee makes an assignment for the benefit or creditors or a receiver is appointed by the Franchisee; (d) if Franchisee fails to meet its development obligations under the Development Schedule for any single Development Period including, but not limited to, Franchisee's failure to establish, open and/or maintain the cumulative number of iSmash Centers in accordance with Development Schedule; and/or (e) in the event that any one Franchise Agreement is terminated respecting any Development Center and/or any other Franchise Agreement between Franchisor and Franchisee.

## SECTION 4
## DEVELOPMENT AREA FEE, INITIAL FEES AND DEVELOPMENT SCHEDULE

### 4.1 DEVELOPMENT AREA FEE

In exchange for the rights set forth and granted pursuant to the terms of this Agreement, upon execution of this Agreement, Franchisee shall pay to Franchisor a development area fee (the "Development Area Fee"). The Development Area Fee is not refundable.

| |
|---|
| The amount of the Development Area Fee is set forth in the Development Information Sheet. |

Franchisee agrees that the Development Area Fee is not a franchise fee and, that at the time of signing each respective Franchise Agreement, Franchisee shall pay to Franchisor an initial franchise fee and all other

fees in accordance with the terms and conditions of each respective Franchise Agreement, except that the initial franchise fee shall conform to the amounts set forth in Section 4.2 of this Agreement. If the then current standard Franchise Agreement to be signed by the Franchisee respecting a Development Center to be established and operated by Franchisee specifies an initial franchise fee that is greater than or different from the initial franchise fee specified in Section 4.2, below, then the amount of the initial franchise fee as specified in Section 4.2 shall govern. However, all other terms and provisions of each respective Franchise Agreement, as to each Respective Development Center, shall take precedence and govern.

### 4.2 DEVELOPMENT CENTER INITIAL FRANCHISE FEES

The initial franchise fee for each respective Development Center (the "Development Center Initial Franchise Fee"), to be developed and operated pursuant to the terms and conditions of each respective Franchise Agreement, shall be comprised of the applicable fixed sums set forth in the Development Information Sheet.

### 4.3 PAYMENT OF INITIAL FRANCHISE FEES AND FRANCHISE AGREEMENTS

The applicable initial franchise fee as set forth in Section 4.2 of this Agreement for the first Development Center shall be payable as set forth in accordance with the terms of the Franchise Agreement for Franchisee's first Development Center. The applicable initial franchise fees, if any, as may be set forth in Section 4.2 of this Agreement for all other Development Centers authorized by this Agreement, shall be paid in such amounts as set forth in Section 4.2 of this Agreement at the time of signing the Franchise Agreement for each respective Development Center.

Either prior to or simultaneous to the execution of this Agreement, Franchisee has signed the Franchise Agreement for Franchisee's first Development Center. Franchisee's second Development Center and all Development Centers thereafter, respectively, are to be developed and operated by Franchisee pursuant to the terms and conditions of Franchisor's then current Franchise Agreement which Franchisee must sign, on or before the earlier of: (a) The date Franchisee (subject to Franchisor's approval of the Center Location) executes a lease for the Center Location for each respective Development Center; (b) The date Franchisee (subject to Franchisor's approval of the Center Location) enters into a purchase agreement for the real estate for the Center Location for each respective Development Center; or (c) six months prior to the date that each respective Development Center must be open and in operation pursuant to the Development Schedule.

### 4.4 DEVELOPMENT SCHEDULE

Franchisee agrees that to induce Franchisor to enter into this Agreement, Franchisee agrees to develop, establish and operate Development Centers in strict accordance with the requirements of a development schedule (the "Development Schedule"). The Development Schedule, among other things, sets forth and defines each respective measurement period / measurement periods (each, respectively, a "Development Period") and the number of Development Centers that Franchisee must establish and open (a "Newly Opened Development Center(s)") within the respective Development Period and, the minimum number of cumulative Development Centers (the "Cumulative Development Centers") that must be open and in operation as of the last day of each applicable Development Period.

The Development Schedule is set forth in the Development Information Sheet.

Franchisee agrees that, as to the Development Centers, Franchisee shall meet the requirements of the Development Schedule including, without limitation, requirements as to the number of Development Centers that must be timely developed, established, open, and in operation by Franchisee within the Development Area and as to each respective Development Period.

### 4.5 REASONABLENESS OF DEVELOPMENT SCHEDULE

Franchisee agrees and represents that it has conducted its own independent investigation and analysis of the prospects for the establishment of iSmash Centers within the Development Area, that Franchisee approves of the Development Schedule as being reasonable and viable, and that Franchisee recognizes that failure to achieve the results described in the Development Schedule will constitute a material breach of this Agreement with time being of the essence.

## SECTION 5
## OTHER OBLIGATIONS OF FRANCHISEE

### 5.1 EXECUTION OF FRANCHISE AGREEMENTS

For each iSmash Center owned, developed and opened for business by the Franchisee in the Development Area, Franchisee must execute Franchisor's then current standard Franchise Agreement. A then current standard Franchise Agreement must be executed by the Franchisee for each and each Development Center on or before the earlier of: (a) the date Franchisee (subject to Franchisor's approval of the Center Location) executes a lease for the Center Location for each respective Development Center; (b) the date Franchisee (subject to Franchisor's approval of the Center Location) enters into a purchase agreement for the real estate for the Center Location for each respective Development Center; or (c) six months prior to the date that each respective Development Center must be open and in operation pursuant to the Development Schedule.

### 5.2 ROYALTY FEES AND OTHER FRANCHISE AGREEMENT FEES ACKNOWLEDGMENT

Franchisee agrees that pursuant to the terms of each respective Franchise Agreement respecting and/or concerning the Development Area and/or this Agreement, that nothing contained in this Agreement shall obviate and/or reduce Franchisees obligations as set forth in each respective Franchise Agreement including, without limitation, Franchisees obligations, respectively, to pay royalty and all other fees in accordance with each respective Franchise Agreement. Nothing contained in this Agreement shall modify, reduce or mitigate Franchisee's obligations to Franchisor. The only fee and right contained in the Franchise Agreement that is modified by this Agreement is the fixed one-time initial franchise fee paid by Franchisee to Franchisor at the time of signing the Franchise Agreement, as such initial franchise fee is set forth and defined in Section 4.2 of this Agreement as to the Development Centers.

### 5.3 MODIFICATIONS TO FRANCHISE AGREEMENT

Franchisee agrees that what constitutes Franchisor's then current Franchise Agreement shall be determined by Franchisor, in Franchisor's exclusive discretion and that, among other things, the Franchise Agreement may be modified from time to time by Franchisor and that reasonable modification and amendments to the Franchise Agreement will not alter Franchisee's obligations under this Agreement.

### 5.4 COMPLIANCE WITH FRANCHISE AGREEMENTS

Franchisee will operate the Development Centers and all other iSmash Centers in strict compliance the terms and conditions of each respective Franchise Agreement.

### 5.5 SITE SELECTION

Franchisee will be solely responsible for selecting the site(s) for the Franchisee's Center Locations. In accordance with the terms and conditions of each respective Franchise Agreement, Franchisee must obtain

Franchisor's prior written approval as to each potential Center Location selected by Franchisee. Franchisee will retain an experienced commercial real estate broker or salesperson who has sufficient experience in locating Center sites to locate, acquire, purchase or lease the site for the Franchisee's Development Centers. Accordingly, no provision of this Agreement will be construed or interpreted to impose any obligation upon Franchisor to locate a site for the Development Centers, to assist Franchisee in the selection of a suitable site for the Development Centers, or to provide any assistance to the Franchisee in the purchase or lease of the site for the Development Centers.

### 5.6 SITE SELECTION CRITERIA

Franchisee will not lease, purchase or otherwise acquire a Center Locations for the Development Centers until such information as Franchisor may require regarding the proposed site has been provided to Franchisor by Franchisee and has been approved by Franchisor. Information requested by Franchisor may include, without limitation, information regarding the proposed Center Location as to accessibility, visibility, potential traffic flows, lease terms and other demographic information. Franchisee shall not enter into any lease or purchase agreement with respect to any proposed Center Location until Franchisor has approved the site.

## SECTION 6
## TRANSFER OF INTEREST

### 6.1 BY FRANCHISOR

At all times, Franchisor possesses and maintains the sole and absolute right to transfer and/or assign Franchisor's rights and obligations under this Agreement, in whole and/or in part (for any purpose and in any form of transaction as may be designated and/or elected by Franchisor, in Franchisor's sole discretion) to any person, entity, Corporate Entity and/or third party without the consent of Franchisee and without the approval of Franchisee.

### 6.2 BY FRANCHISEE

Franchisee shall not Transfer and/or assign this Agreement without the express written consent of Franchisor which, Franchisor may withhold in Franchisor's sole discretion and Franchisor's Reasonable Business Judgment. If Franchisee is a Corporate Entity the Owners of Franchisee shall not Transfer their ownership and/or equity interests in Franchisee without the express written consent of Franchisor which, Franchisor may withhold in Franchisor's sole discretion and Franchisor's Reasonable Business Judgment. Any Transfer and/or assignment in violation of the foregoing shall constitute a material default of this Agreement and shall result in the immediate and automatic termination of this Agreement.

## SECTION 7
## ENFORCEMENT AND CONSTRUCTION

### 7.1 SEVERABILITY AND SUBSTITUTION OF VALID PROVISIONS

(1) Except as expressly provided to the contrary in this Agreement, each term and provision of this Agreement shall be interpreted or otherwise construed to be independent of each other and severable. Although each term and condition of this Agreement are considered by the parties to be reasonable and intended to be enforceable, if any such term and condition of this Agreement is found by a court of competent jurisdiction, agency, or other governmental agency to be unenforceable as written or otherwise, then such term and condition shall be modified, rewritten, interpreted, or "blue-lined" to include as much of its nature and scope as will render it enforceable. If such term and condition cannot be so modified, rewritten, interpreted, or "blue-lined" in any respect, then it will not be given effect and severed from this Agreement, and the remainder of this Agreement shall be interpreted, construed and enforced as if such term and condition was not

included in this Agreement.

(2) If any applicable and binding law or rule requires a greater prior notice of the termination of this Agreement than is required in this Agreement, or the taking of some other action not required by this Agreement, or if under any applicable and binding law or rule, any term and condition of this Agreement, or any specification, standard, or operating procedure Franchisor prescribes is invalid or unenforceable, then the greater prior notice and/or other action required by law or rule shall be substituted for the comparable provisions, and Franchisor has the right, in its sole discretion, to modify the invalid or unenforceable term and condition, specification, standard, or operating procedure to the extent required to be valid and enforceable. Franchisee agrees to be bound by any such substituted and/or modified term and condition of this Agreement imposing the maximum duty permitted by law that is prescribed within the terms of any provision of this Agreement as though it were originally and separately articulated in, and made a part of, this Agreement as of the Effective Date and/or any specification, standard or operating procedure Franchisor prescribes, which may result from striking from any terms and conditions, specifications, standards, or operating procedures, and any portion or portions thereof, a court may hold to be unenforceable or from reducing the scope of any promise or covenant to the extent required to comply with a court order. Modifications to this Agreement shall be effective only in those jurisdictions in which such terms and conditions, specifications, standards, or operating procedures are found to be unenforceable, unless Franchisor elects to give them greater applicability, in which case, this Agreement shall be enforced as originally made in all other jurisdictions.

### 7.2 WAIVER OF OBLIGATIONS

No delay, waiver, omission, or forbearance on the part of Franchisor to enforce any term and condition of this Agreement or exercise any of Franchisor's rights, options, or powers under this Agreement constitutes a waiver by Franchisor to enforce any other term and condition of this Agreement or exercise any of Franchisor's other rights, options, or powers under this Agreement. No such delay, waiver, omission, or forbearance shall constitute a waiver by Franchisor to subsequently enforce such term and condition of this Agreement or subsequently exercise such right, option, or power. Acceptance by Franchisor of any payments, fees, charges, or other amount from Franchisee payable to Franchisor pursuant to this Agreement shall not constitute a waiver or acceptance of Franchisee's default or breach of this Agreement or otherwise a waiver of any term and condition of this Agreement, and Franchisor reserves the right to pursue any and all additional remedies set forth in this Agreement, at law, or in equity. Franchisor shall likewise not be deemed to have waived or impaired any term and condition, right, option or power set forth in this Agreement by virtue of any custom or practice of the parties at variance with the terms and conditions of this Agreement or Franchisor's insistence upon Franchisee's strict compliance with Franchisee's obligations, including any mandatory specification, standard or operating procedure. No waiver by Franchisor of any term and condition of this Agreement shall be valid unless in writing and signed by Franchisor.

### 7.3 SPECIFIC PERFORMANCE AND INJUNCTIVE RELIEF

Nothing in this Agreement bars Franchisor's right to obtain specific performance of the provisions of this Agreement and injunctive relief under legal and/or equity rules against threatened conduct that will cause damages or loss to it, the Licensed Marks or the System.

### 7.4 RIGHTS OF PARTIES ARE CUMULATIVE

The rights of Franchisor and Franchisee under this Agreement are cumulative and no exercise or enforcement by a party of any right or remedy precludes the exercise or enforcement by that party of any other right or remedy which Franchisor or Franchisee is entitled by law to enforce.

## 7.5 GOVERNING LAW

THIS AGREEMENT AND THE RELATIONSHIP BETWEEN THE PARTIES HERETO SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE INTERNAL LAWS OF THE STATE OF DELAWARE, EXCEPT THAT ITS CHOICE OF LAW AND CONFLICTS OF LAWS RULES SHALL NOT APPLY AND ANY FRANCHISE REGISTRATION, DISCLOSURE, RELATIONSHIP OR SIMILAR STATUTE WHICH MAY BE ADOPTED BY THE STATE OF DELAWARE SHALL NOT APPLY UNLESS ITS JURISDICTIONAL REQUIREMENTS ARE MET INDEPENDENTLY WITHOUT REFERENCE TO THIS PARAGRAPH.

## 7.6 MEDIATION, BINDING ARBITRATION AND CONSENT TO JURISDICTION

(1) **Non-Binding Mediation** – Franchisee and Franchisor agree that before either party may bring any action, dispute and/or controversy arising from or related to this Agreement and/or the franchise relationship between Franchisor and Franchisee in arbitration, the parties must first mediate the dispute through non-binding mediation. Mediation shall be non-binding and shall be conducted by the American Arbitration Association ("AAA") in accordance with the AAA's then current rules for the mediation of commercial disputes. All mediation proceedings shall be conducted in Monroe County, New York or, if a mediator is not available in Monroe County, New York then at a suitable location selected by the mediator that is located closest to Monroe County, New York. Mediation shall be conducted by one mediator and if Franchisor and Franchise cannot agree on a mediator then the mediator shall be selected by the AAA. Mediation shall be conducted within 45 days of the AAA's designation and/or acknowledgment of the selected mediator or such longer period as may be agreed to between Franchisor and Franchisee in writing signed by each respective party. Franchisor and Franchisee shall each be responsible for their own costs associated with mediation and Franchisor and Franchisee shall each be responsible for and shall each pay 50% of the mediator's fee and the AAA's mediation fees.

Notwithstanding the preceding paragraph, Franchisor and Franchisee agree this Sub-Section 7.6(1) and, thereby, the prerequisite requirement of non-binding mediation, shall not, at Franchisor's election, apply to: (a) any claims or disputes related to or concerning a breach of this Agreement by Franchisee that, under the terms of this Agreement, may entitle Franchisor to the award of injunctive relief; and/or (b) claims by either Franchisor or Franchisee under this Agreement that relates to either Franchisor's or Franchisee's failure to pay fees or other monetary obligations due under this Agreement.

(2) **Arbitration** – Subject to the prerequisite requirements of non-binding mediation as set forth in Sub-Section 7.6(1), and, except, at Franchisor's election, as to any claims or disputes related to or concerning a breach of this Agreement by Franchisee that, under the terms of this Agreement, may entitle Franchisor to the award of injunctive relief, Franchisor and Franchisee agree that all disputes, controversies, and claims, arising from and/or related to this Agreement, the relationship between Franchisor and Franchisee, the System, and/or the validity of this Agreement and/or the Ancillary Agreements, shall be submitted, on demand of either Franchisor or Franchisee, to the AAA for binding arbitration. Arbitration shall be conducted by one arbitrator in accordance with the AAA's then current rules for commercial disputes, except as may be otherwise required in this Section 7.6. All arbitration proceedings shall be conducted in Monroe County, New York or, if suitable AAA facilities are not available in Monroe County, New York then at a suitable AAA location selected by the arbitrator that is located closest to Monroe County, New York.

In connection with binding arbitration, Franchisor and Franchisee further agree that:

(a) All matters relating to arbitration, will be governed by the United States Federal Arbitration Act, except as expressly or otherwise set forth in this Agreement;

(b) The arbitration hearing shall be conducted within 180 days of the demand for arbitration;

(c) The arbitrator shall render written findings of fact and conclusions of law;

(d) Except as may be otherwise required and/or prohibited by this Agreement including, but not limited to Sections 7.8, 7.9, 7.13, 7.14, 7.17, and 7.23. of this Agreement, the arbitrator has the right to award or include in his or her award any relief that he or she determines to be proper, including monetary damages, interest on unpaid sums, specific performance, injunctive relief, attorneys' fees, and costs and expenses as allowable under this Agreement. Notwithstanding the foregoing, under no circumstance shall the Arbitrator be authorized to award or declare the Licensed Marks to be generic or invalid;

(e) They shall each be bound to the limitations periods set forth in Section 7.8 of this Agreement and that, in any arbitration proceeding, Franchisor and Franchisee must each timely submit, within the same arbitration proceeding, any claim that would constitute a compulsory counterclaim as such claims are defined and set forth under Rule 13 of the United States Federal Rules of Civil Procedure. Any claim that is not submitted or filed as required shall be forever barred;

(f) Judgment upon the arbitrator's award may be entered in any court of competent jurisdiction; and

(g) Arbitration and/or any arbitration award must be conducted in accordance with the terms of this Agreement including, but not limited to, the requirements set forth in this Section 7.

(3) **Consent to Jurisdiction and Venue** – Subject to the non-binding mediation and arbitration provisions set forth in this Section 7.6, Franchisor and Franchisee agree that any judicial action or legal proceeding must be brought in a court of competent jurisdiction located within New York and within Monroe County or the county closest to Monroe County. Franchisor and Franchisee do hereby irrevocably consent to and waive any objection to such jurisdiction or venue. Without limitation to the foregoing and notwithstanding same, Franchisor and Franchisee agree that Franchisor, at Franchisor's election, may bring any legal action or proceeding seeking a temporary restraining order, preliminary injunction, or any action seeking Franchisor's enforcement of an arbitration award or any judicial decision in the federal or state court located in the county and state where either the Franchised Business was located or where Franchisee resides.

**7.7 VARIANCES**

FRANCHISEE AGREES THAT FRANCHISOR HAS AND MAY AT DIFFERENT TIMES, IN FRANCHISOR'S ABSOLUTE AND SOLE DISCRETION, APPROVE EXCEPTIONS OR CHANGES FROM THE UNIFORM STANDARDS OF THE SYSTEM, WHICH FRANCHISOR DEEMS DESIRABLE OR NECESSARY UNDER PARTICULAR CIRCUMSTANCES. FRANCHISEE

UNDERSTANDS THAT IT HAS NO RIGHT TO OBJECT TO OR AUTOMATICALLY OBTAIN SUCH VARIANCES, AND ANY EXCEPTION OR CHANGE MUST BE APPROVED IN ADVANCE BY FRANCHISOR IN WRITING. FRANCHISEE UNDERSTANDS THAT EXISTING FRANCHISEES MAY OPERATE UNDER DIFFERENT FORMS OF AGREEMENTS AND THAT THE RIGHTS AND OBLIGATIONS OF EXISTING FRANCHISEES MAY DIFFER MATERIALLY FROM THIS AGREEMENT.

**7.8 LIMITATIONS OF CLAIMS**

ANY AND ALL CLAIMS AND/OR CAUSES OF ACTIONS ARISING OUT OF, OR RELATING TO, THIS AGREEMENT, OR THE RELATIONSHIP BETWEEN FRANCHISEE AND FRANCHISOR RESULTING FROM THIS AGREEMENT, SHALL BE BARRED UNLESS SUCH CLAIM AND/OR CAUSE OF ACTION IS COMMENCED WITHIN TWO YEARS FROM THE DATE ON WHICH THE ACT OR EVENT GIVING RISE TO THE CLAIM OCCURRED OR ONE YEAR FROM THE DATE ON WHICH FRANCHISEE OR FRANCHISOR KNEW, OR SHOULD HAVE KNOWN, IN THE EXERCISE OF REASONABLE DILIGENCE, OF THE FACTS GIVING RISE TO SUCH CLAIM AND/OR CAUSE OF ACTION, WHICHEVER OCCURS FIRST IN TIME.

**7.9 WAIVER OF PUNITIVE DAMAGES**

FRANCHISOR AND FRANCHISEE HEREBY WAIVE TO THE FULLEST EXTENT PERMITTED BY LAW, ANY RIGHT TO OR CLAIM FOR ANY PUNITIVE, EXEMPLARY, CONSEQUENTIAL OR SPECULATIVE DAMAGES AGAINST THE OTHER AND AGREE THAT IN THE EVENT OF A DISPUTE BETWEEN THEM, EXCEPT AS OTHERWISE PROVIDED HEREIN, EACH SHALL BE LIMITED TO THE RECOVERY OF ACTUAL DAMAGES SUSTAINED BY IT; PROVIDED THAT SUCH WAIVER SHALL NOT APPLY TO ANY CLAIM (A) ALLOWED BY FRANCHISOR OR FRANCHISEE FOR ATTORNEY'S FEES OR COSTS AND EXPENSES UNDER THIS AGREEMENT; AND/OR (B) FOR LOST PROFITS BY FRANCHISOR OR FRANCHISEE AND THE OWNERS UPON OR ARISING OUT OF THE TERMINATION OF THIS AGREEMENT. NOTWITHSTANDING ANYTHING TO THE CONTRARY IN THIS AGREEMENT, IF ANY OTHER TERM OF THIS AGREEMENT IS FOUND OR DETERMINED TO BE UNCONSCIONABLE OR UNENFORCEABLE FOR ANY REASON, THE FOREGOING PROVISIONS OF WAIVER BY AGREEMENT OF PUNITIVE, EXEMPLARY, INCIDENTAL, INDIRECT, SPECIAL, CONSEQUENTIAL OR OTHER SIMILAR DAMAGES SHALL CONTINUE IN FULL FORCE AND EFFECT.

**7.10 WAIVER OF JURY TRIAL**

FRANCHISOR AND FRANCHISEE IRREVOCABLY WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING, OR COUNTERCLAIM, WHETHER AT LAW OR IN EQUITY, BROUGHT BY EITHER OF THEM AGAINST THE OTHER, WHETHER A LEGAL ACTION, IN MEDIATION, OR IN ARBITRATION.

**7.11 BINDING EFFECT**

This Agreement is binding upon the parties of this Agreement and their respective executors, administrators, heirs, assigns and successors in interest, and shall not be modified except by written agreement signed by both Franchisee and Franchisor.

**7.12 COMPLETE AGREEMENT**

This Agreement, and the Schedule A Development Information Sheet, constitute the entire, full and complete Agreement between Franchisor and Franchisee concerning the subject matter of this Agreement and supersedes all prior related agreements between Franchisor and Franchisee. The foregoing shall not constitute and does not constitute any disclaimer as to the express representations made by Franchisor in the Franchise Disclosure Document disclosed to Franchisee in connection with this Multi-Unit

Development Agreement. The foregoing shall not constitute and does not constitute any disclaimer as to the express representations made by Franchisor in the Franchise Disclosure Document disclosed to Franchisee in connection with this Multi-Unit Development Agreement.

**7.13 ATTORNEY FEES AND EXPENSES**

Franchisee agrees that in the event that an arbitrator in any arbitration proceeding and/or, a court of competent jurisdiction shall issue an award, judgment, decision and/or order finding, holding and/or declaring Franchisee's breach of this Agreement than Franchisor shall also be entitled to the recovery of all reasonable attorney fees, costs and expenses associated with and/or related to such arbitration and/or litigation. Said fees, costs and expenses shall include, but not be limited to, attorney fees, arbitration fees, arbitrator fees, deposition expenses, expert witness fees and filing fees.

**7.14 WAIVER OF CLASS-ACTION:**
**INDIVIDUAL DISPUTE RESOLUTION AND NO MULTI-PARTY ACTIONS**

FRANCHISOR AND FRANCHISEE AGREE THAT ALL PROCEEDINGS AND/OR LEGAL ACTIONS ARISING OUT OF OR RELATED TO THIS AGREEMENT AND/OR THE OFFER AND SALE OF THE ISMASH CENTER FRANCHISE FROM FRANCHISOR TO FRANCHISEE, WILL BE CONDUCTED ON AN INDIVIDUAL BASIS AND NOT A CLASS-WIDE BASIS, AND, THAT ANY PROCEEDING BETWEEN FRANCHISEE, FRANCHISEE'S OWNERS, AND/OR GUARANTORS AND FRANCHISOR AND/OR FRANCHISOR'S AFFILIATES, OFFICERS, DIRECTORS AND/OR EMPLOYEES MAY NOT BE CONSOLIDATED WITH ANY OTHER PROCEEDING BETWEEN FRANCHISOR AND ANY OTHER THIRD PARTY.

**7.15 ACCEPTANCE BY FRANCHISOR**

This Agreement will not be binding on Franchisor unless and until an authorized officer of Franchisor has signed it.

**7.16 NO PERSONAL LIABILITY BY FRANCHISOR'S EMPLOYEES, OFFICERS AND/OR AUTHORIZED AGENTS**

Franchisee agrees that the fulfillment of any of Franchisor's obligations written in this Agreement or based on any oral communications ruled to be binding in a court of law shall be Franchisor's sole obligation and none of Franchisor's employees, officers and/or authorized agents shall be personally liable to Franchisee for any reason. In addition to the foregoing, Franchisor and Franchisee are not joint employers.

**7.17 NON-UNIFORM AGREEMENTS**

Franchisee agrees that Franchisor makes no representations or warranties that all other agreements with Smash Franchising LLC franchisees entered into before or after the Effective Date do or will contain terms substantially similar to those contained in this Agreement. Franchisee agrees that Franchisor may waive or modify comparable provisions of other Franchise Agreements to other System franchisees in a non-uniform manner.

**7.18 NO RIGHT TO OFFSET**

Franchisee shall not, on grounds of the alleged nonperformance, material breach, or default by Franchisor of this Agreement, any other agreement between Franchisor and Franchisee, or for any other reason, withhold any payment, fee, or any other amount payable by Franchise to Franchisor pursuant to this Agreement, including, without limitation, the payment of the Royalty Fee and Advertising Contributions, or any other payment obligation by Franchisee to Franchisor. Franchisee shall not have the right to offset or withhold any liquidated or unliquidated amount allegedly due to Franchisee from Franchisor against any payment, fee, or any other amount payable to Franchisor pursuant to this Agreement or any other payment obligation by Franchisee to Franchisor.

### 7.19 HEADINGS
The headings and subheadings in this Agreement are strictly for convenience and reference only, and they shall not limit, expand, or otherwise affect the interpretation and construction of the terms and conditions of this Agreement.

### 7.20 AUTHORITY TO EXECUTE AND BIND
Each party agrees, warrants and represents that it has all requisite power and authority to enter into this Agreement. The execution, delivery, and performance of this Agreement has been duly and lawfully authorized by all necessary actions of each party, and the signatory to this Agreement for each party has been duly and lawfully authorized to execute this Agreement for and on behalf of the party for whom each signatory has signed.

### 7.21 COUNTERPARTS; ELECTRONIC SIGNATURES; MULTIPLE COPIES
This Agreement may be executed in counterparts, all of which counterparts shall be deemed originals and taken together shall constitute a single agreement, and the signature pages of which may be detached from the several counterparts and attached to a single copy of this Agreement to physically form a single document.

### 7.22 JOINT AND SEVERAL LIABILITY
If Franchisee consists of more than one person or entity, then their liability under this Agreement shall be deemed joint and several.

### 7.23 RECITALS AND REPRESENTATIONS
The parties acknowledge and agree that the recitals and representations contained on the first page of this Agreement are true and accurate, shall constitute a material part of this Agreement, and are hereby fully incorporated into the terms and conditions of this Agreement.

### 7.24 FORCE MAJEURE
If either Franchisor or Franchisee is delayed in performing any obligation under this Agreement by any cause reasonably beyond its control when such cause would affect any person or entity similarly situated, including, without limitation, war, civil disorder, catastrophic weather, power outage, acts of God, including, but not limited to, natural disaster, tornados, earthquakes, wildfires, and pandemics and/or labor strikes unassociated with Franchisee or Franchisor (collectively, "Force Majeure"), then the time period for performing such obligation shall be extended by a period of time equal to the period of delay. Notwithstanding the immediately foregoing sentence, any delay resulting from Force Majeure shall not excuse Franchisee's payment of any fee, charge, amount, and/or any other monetary or financial obligation to Franchisor under this Agreement, including, without limitation, the payment of fees, and the non-performance of any obligation under this Agreement due to Force Majeure shall not be extended or otherwise excused for more than six months.

## SECTION 8
## NOTICES

All written notices and reports permitted or required to be delivered by this Agreement shall be deemed so delivered, at the time delivered by hand, one business day after being placed in the hands of a national commercial courier service for overnight delivery (properly addressed and with tracking confirmation), or three business days after placed in the U.S. mail by registered or certified mail, postage prepaid, and addressed to the party to be notified at its most current principal business address of which the notifying party has been notified. The addresses for the parties set forth in the initial paragraph of this Agreement

shall be used unless and until a different address has been designated by written notice to the other party. Any notice required under this Agreement shall not be deemed effective or given by Franchisee to Franchisor unless given in strict compliance with this Agreement.

In all cases where Franchisor's prior approval is required and no other method or timing for obtaining such approval is prescribed, Franchisee shall request such approval in writing, and Franchisor shall respond within 10 business days after receiving Franchisee's written request and all supporting documentation, provided if Franchisor does not respond, such request shall be deemed unapproved. Franchisor's consent to, or approval of, any act or request by Franchisee shall be effective only to the extent specifically stated, and Franchisor's consent or approval shall not be deemed to waive, or render unnecessary, consent or approval of any other subsequent similar act or request.

**IN WITNESS WHEREOF**, the parties have executed, sealed and delivered this Agreement as of the Effective Date set forth in the first paragraph of this Agreement.

**Franchisor:**
Smash Franchising LLC

_____
Signature

_____
Name and Title (please print)

_____
Dated

_____
Signature

_____
Name (please print)

_____
Dated

**Franchisee:**

_____
Signature

_____
Name (please print)

_____
Dated

**Multi-Unit Development Agreement – Schedule A**
DEVELOPMENT INFORMATION SHEET

This Development Information Sheet is attached to, is incorporated into, and forms a part of the iSmash Multi-Unit Development Agreement between Smash Franchising LLC, a Delaware limited liability company with a principal place of business located at 1225 Jefferson Road #13, Rochester, New York 14623, (the "Franchisor") and _____(the "Franchisee").

Defined terms shall have the meanings set forth in the iSmash Multi-Unit Development Agreement between Franchisor and Franchisee and are further defined and set forth in this Development Information Sheet.

| If Franchisee is a Corporate Entity, Franchisee represents and affirms to Franchisor that the following is a list of each Owner of Franchisee: | | |
|---|---|---|
| **Owner Name** | **Owner Address** | **Ownership Interest Percentage** |
| | | |
| | | |
| | | |
| | | |

| **Development Area Fee** | **Total Development Centers** |
|---|---|
| **$_____** | **[---------]** |

| **Development Area** |
|---|
| [To be Effective this Schedule Must be Completed and Signed by Franchisor] |

| **Development Center Initial Franchise Fee for the First Development Center** |
|---|
| **FIRST DEVELOPMENT CENTER**: The Development Center Initial Franchise Fee for the First Development Center is: $59,950, payable and due upon execution of the applicable Franchise Agreement for the First Development Center. This initial franchise fee is separate from and in addition to the Development Area Fee. |

| **Development Center Initial Franchise Fee for Other Development Centers** |
|---|
| |

**OTHER AUTHORIZED DEVELOPMENT CENTERS:** Provided that Franchisee is not in default of the terms of this iSmash Multi-Unit Development Agreement (including but not limited to the Development Schedule set forth below) and that neither Franchisee nor Franchisee's affiliates are in default of any Franchise Agreement or other agreement with Franchisor, the Development Center Initial Franchise Fee for each additional Development Center (over and above the First Development Center), is: $0 (Waived), payable at the time of signing the Franchise Agreement for each Development Center.

| **Development Schedule** | | |
|---|---|---|
| Development Period | Newly Opened Development Centers | Cumulative Development Centers |
| Development Period 1: **[---------- TO ----------]** | **[------]** | **[------]** |
| Development Period 2: **[---------- TO ----------]** | **[------]** | **[------]** |
| Development Period 3: **[---------- TO ----------]** | **[------]** | **[------]** |
| Development Period 4: **[---------- TO ----------]** | **[------]** | **[------]** |
| Development Period 5: **[---------- TO ----------]** | **[------]** | **[------]** |

This Development Information Sheet shall be effective as of the Effective Date of the iSmash Multi-Unit Development Agreement.

**Franchisor:**
Smash Franchising LLC

Signature

Name and Title (please print)

Dated

Signature

Name (please print)

Dated

**Franchisee:**

Signature

Name (please print)

Dated

FRANCHISE DISCLOSURE DOCUMENT
**EXHIBIT G**
LIST OF FRANCHISEES

(a) **Operational Franchisees.** The following are the names, addresses and telephone numbers of all iSmash franchisees as of December 31, 2025, who are operational:

**Arizona:**

1. 5 OH Entertainment LLC
   4925 W. Bell Road
   Glendale, Arizona 85308
   az01@ismashusa.com

**Florida:**

1. BDSS of Florida LLC*
   863 E. Bloomingdale Avenue
   Brandon, Florida 33511
   FL01@ismashusa.com

**Nebraska:**

1. Mccollum Ventures LLC
   13439 S. 133rd Plaza
   Omaha, Nebraska 68144
   NE01@ismashusa.com

**Nevada:**

1. Shree Gajanard LLC
   1425 George Ferris Drive, Suite M141
   Sparks, Neveda 89434
   NV02@ismashusa.com

2. Genuines Inheritance LLC
   4225 S. Eastern Avenue
   Las Vegas, Neveda 89119
   NV01@ismashusa.com

**New York:**

1. Missytas Inc.
   334 Main Street
   Farmingdale, New York 11735
   NY03@ismashusa.com

**North Carolina:**

1. ACW Enterprises Wake Forest LLC
   1839 S. Main Street
   Wake Forest, North Carolina 27587
   nc01@ismashusa.com

**South Carolina**:

1. Sugarshack Enterprises LLC
   1291 Folly Road
   James Island, South Carolina 29412
   sc01@ismashusa.com

(b) **Franchises Executed But Not Yet Operational.** The following are the names, addresses and telephone numbers of all iSmash franchisees as of December 31, 2025, who are not yet operational but have signed a Franchise Agreement:

**California:**

1. Rimal Chand
   Orange County or Los Angeles County, California
   ca02@ismashusa.com

2. Rage City Inc.
   4225 Rosewood Drive
   Pleasanton, California 94588
   Ca01@ismashusa.com

3. Slaughterhau5 Entertainment LLC
   328 N. San Fernando Blvd.
   Burbank, California 91502
   ca03@ismashusa.com

4. Tech 2 Biz Inc.
   San Jose, California
   ca05@ismashusa.com

**Connecticut:**

1. Lendroth Family Entertainment LLC
   New Haven, Connecticut
   ct01@ismashusa.com

**Florida:**

1. BDSS of Florida LLC*
   Tampa, Florida 33511
   FL01@ismashusa.com

2. William George and Lovely George
   Gainesville, Florida
   fl06@ismashusa.com

3. David Ayad, Geozeph Ghobrial and Mina Dawoud
4270 Aloma Avenue, Suite 132
Winter Park, Florida 32792
fl03@ismashusa.com

4. RSM Enterprises LLC
744 SW Federal Highway #9
Stuart, Florida 34994
fl04@ismashusa.com

5. Geffrey Gardner
Cape Coral, Florida
fl07@ismashusa.com

**Georgia:**

1. KDD Smash LLC*
6443 Zebulon Road
Macon, Georgia 31220
ga01@ismashusa.com

2. Hanyang Chen
10500 Alpharetta Highway
Rosewell, Georgia 30076
ga02@ismashusa.com

**Illinois:**

1. ABJ Ventures LLC*
1451 Peterson Road
Libertyville, Illinois 60048
il01@ismashusa.com

2. Stress Busters LLC
Naperville, Illinois
il02@ismashusa.com

**Maryland:**

1. SmashWorks LLC
Montgomery County, Maryland
md01@ismashusa.com

**Massachusetts:**

1. JAJ, LLC
276 Turnpike Road, Route 9-East
Westboro, Massachusetts 01581
ma02@ismashusa.com

**Michigan:**

1. Adventure Assets LLC
   6437 28th Street SE
   Grand Rapids, Michigan 49546
   mi01@ismashusa.com

**Minnesota:**

1. The Price Company Inc.
   1658 West End Blvd.
   St. Louis Park, Minnesota 55416
   mn01@ismashusa.com

2. German iSmash, LLC
   Minneapolis, Minnesota
   mn02@ismashusa.com

**Nevada:**

1. Smash Tahoe LLC
   Lake Tahoe, Nevada
   ca04@ismashusa.com

**New Jersey:**

1. TY Rage 1 LLC
   1640 Route 46 West
   Woodland Park, New Jersey 07424
   nj01@ismashusa.com

2. Grassroot Ventures LLC
   Central New Jersey
   nj02@ismashusa.com

**New York:**

1. OKA Management LLC
   Brooklyn, New York
   ny04@ismashusa.com

**North Carolina:**

1. PCL Consulting, LLC*
   Raleigh, North Carolina
   nc01@ismashusa.com

2. ACW Enterprises Charlotte LLC*
   8101 University City Boulevard
   Charlotte, North Carolina 28213
   nc01@ismashusa.com

**Ohio:**

1. Glass City Smash LLC
   Toledo, Ohio
   oh01@ismashusa.com

**Pennsylvania:**

1. C&C Rage Room PA LLC
   260 Schuylkill Road
   Phoenixville, Pennsylvania 19460
   pa01@ismashusa.com

2. JC Ventures Entertainment Inc.
   717 PA-113 Roure 113 & County Line Road
   Souderton, Pennsylvania 18964
   Pa02@ismashusa.com

**South Carolina:**

1. LaFrance LLC
   Rockhill, South Carolina
   sc03@ismashusa.com

2. TBS Holdings LLC
   Myrtle Beach, South Carolina
   Taspearm@gmail.com

**South Dakota:**

1. Rapid City LLC
   625 Main Street
   Rapid City, South Dakota 57701
   sd01@ismashusa.com

**Tennessee:**

1. Moxie Entertainment Group LLC
   Knoxville, Tennessee
   tn01@ismash.com

2. D & D Grands LLC
   Nashville, Tennessee
   tn03@ismashusa.com

3. TBLAA, LLC
   Memphis, Tennessee
   tn01@ismashusa.com

**Texas:**

1. Atomic Trio LLC
   13720 Midway Road
   Farmers Branch, Texas 07424
   tx01@ismashusa.com

2. Janial LLC
   4020 E. Del Mar, Suite 412-414
   Laredo, Texas 78045
   tx02@ismashusa.com

3. Thrill Dynamics LLC
   620 Katy Fort Bend Road
   Katy, Texas 77494
   tx03@ismashusa.com

4. Three F's Investments LLC
   Houston, Texas
   tx08@ismashusa.com

5. Valiant Strides LLC
   Dallas, Texas
   tx07@ismashusa.com

6. Success Ventures LLC
   Dallas, Texas
   tx03@ismashusa.com

7. Morior Invictus, LLC
   Dallas, Texas
   tx06@ismashusa.com

8. Cypress Smash LLC
   8494 Highway 6 N.
   Houston, Texas 77095
   tx04@ismashusa.com

9. iSmash Austin, LLC
   Austin, Texas
   tx09@ismashusa.com

**Utah:**

1. Olsen Entertainment LLC*
   Roy Marketplace Plaza
   5420 South 1900 West, Space A3
   Roy, Utah 84067
   ut02@ismashusa.com

**Vermont:**

1. Smash Doctor LLC
   Chittenden, Vermont
   vt01@ismashusa.com

**Virginia:**

1. Gordian Development, LLC
   20921 Davenport Drive, Unit 120
   Sterling, Virginia
   va01@ismashusa.com

**Washington**:

1. Smash District LLC
   607 SE Everett Mall Way
   Everett, Washington 98208
   wa01@ismashusa.com

2. Deluxe Entertainment Inc.
   Bellevue, Washington
   wa02@ismashusa.com

* Indicates a Multi-Unit Developer

FRANCHISE DISCLOSURE DOCUMENT
**EXHIBIT H**
LIST OF FRANCHISEES
THAT HAVE LEFT THE SYSTEM

The following are the names, last known home addresses and home telephone numbers of all Franchisees that have been terminated, canceled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under a iSmash Franchise Agreement during the most recently completed fiscal year (January 1, 2025 to December 31, 2025) or who have not communicated with us within 10 weeks of the date of issuance of this Disclosure Document:

**Florida**:

1. Novavast LLC
   Boca Raton, Florida
   Ali Hemmati
   allyhemmati@gmail.com

**New Jersey**:

1. Garden State Entertainment
   Edison, New Jersey
   Krishna Mundhra
   Krishnamundhra@hotmail.com

**Ohio**:

1. Smashology LLP
   Toldeo, Ohio
   Mavrick Grant
   mavricklgrant@gmail.com

**Utah**:

1. FunLife, LLC
   Salt Lake City, Utah
   Derek Evans
   Derekcevans8@gmail.com



FRANCHISE DISCLOSURE DOCUMENT
**EXHIBIT I**
STATE SPECIFIC ADDENDA

**California FDD Amendment**
Amendments to the iSmash
Franchise Disclosure Document

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

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

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

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

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

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

E. The Franchise Agreement contains a covenant not to compete, which extends beyond the termination of the franchise. A contract that restrains a former franchisee from engaging in a lawful trade or business is to that extent void under California Business and Professions Code Section 16600.

F. The Franchise Agreement requires binding arbitration. The arbitration will occur in New York with the costs being borne by the franchisee and franchisor.

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

G. The Franchise Agreement requires application of the laws of the State of Delaware. This provision may not be enforceable under California law.

2. Section 31125 of the California Corporations Code requires us to give you a Disclosure Document, in a form containing the information that the commissioner may by rule or order require, before a solicitation of a proposed material modification of an existing franchise.

3. You must sign a general release of claims if you renew or transfer your franchise. California Corporations Code Section 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code Sections 31000 through 31516).

4. Business and Professions Code Section 20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code Sections 20000 through 20043.

5. Item 6 "Other Fees," is supplemented by the addition of the following statement: "The highest interest rate allowed by law in the State of California is 10%."

6. The following URL address is for the franchisor's website: www.ismashusa.com.

OUR WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION. ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION AT www.dfpi.ca.gov.

California's Franchise Investment Law (Corporations Code sections 31512 and 31512.1) states that any provision of a franchise agreement or related document requiring the franchisee to waive specific provisions of the law is contrary to public policy and is void and unenforceable. The law also prohibits a franchisor from disclaiming or denying (i) representations it, its employees or its agents make to you, (ii) our ability to rely on any representations it makes to you, or (iii) any violation of the law.

For franchisees operating outlets located in California, the California Franchise Investment Law and the California Franchise Relations Act will apply regardless of the choice of law or dispute resolution venue stated elsewhere. Any language in the Franchise Agreement or any amendment thereto or any agreement to the contrary is superseded by this condition.

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

## Connecticut FDD Amendment

Amendments to the iSmash
Franchise Disclosure Document

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

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

B. Neither the Franchisor nor any other person identified in Items 1 or 2 above has during the 10 year period immediately preceding the date of this Disclosure Document, been convicted of a felony or pleaded nolo contendere to a felony charge or been held liable in any civil action by final judgment, or been the subject of any material complaint or other legal proceeding where a felony, civil action,

complaint or other legal proceeding involved violation of any franchise law, fraud, embezzlement, fraudulent conversion, restraint of trade, unfair or deceptive practices, business opportunity law, securities law, misappropriation of property or comparable allegations or which was brought by a present or former purchaser-investor or which involves or involved the business opportunity relationship.

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

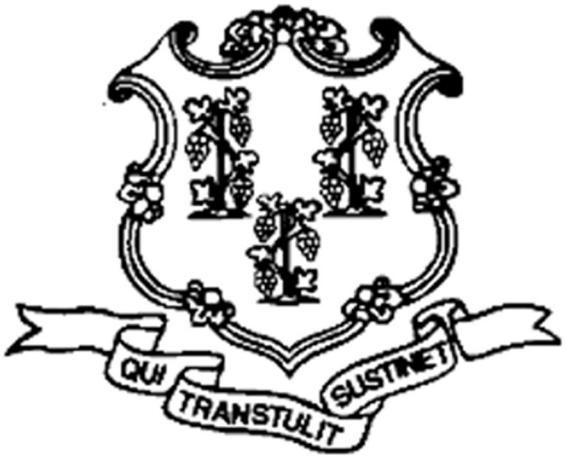
D. Neither Company nor any person identified in Item 2 above is subject to any currently effective order of any national securities association or national securities exchange (as defined in the Securities & Exchange Act of 1934) suspending or expelling these persons from membership in the association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

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

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

If the seller fails to deliver the products, equipment or supplies or fails to render the services necessary to begin substantial operation of the business within 45 days of the delivery date stated in your contract, you may notify the seller in writing and demand that the contract be cancelled.

DISCLOSURES REQUIRED BY CONNECTICUT LAW



The State of Connecticut does not approve, recommend, endorse or sponsor any business opportunity. The information contained in this disclosure has not been verified by the state. If you have any questions about this investment, see an attorney before you sign a contract or agreement.

BUSINESS OPPORTUNITY DISCLOSURE

The following business opportunity disclosure is provided by Smash Franchising LLC, a registered business in the State of Connecticut.

Disclosure Document is dated: March 31, 2025

**Hawaii FDD Amendment**
Amendments to the iSmash
Franchise Disclosure Document

Exhibit K "FDD Receipts," is supplemented with the addition of the following:

The Receipt for this Disclosure Document (Exhibit "K") is supplemented to add the following:

1. THIS FRANCHISE WILL BE/HAVE BEEN FILED UNDER THE FRANCHISE INVESTMENT LAW OF THE STATE OF HAWAII. FILING DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE DIRECTOR OF COMMERCE AND CONSUMER AFFAIRS OR A FINDING BY THE DIRECTOR OF COMMERCE AND CONSUMER AFFAIRS THAT THE INFORMATION PROVIDED HEREIN IS TRUE, COMPLETE AND NOT MISLEADING.

2. THE FRANCHISE INVESTMENT LAW MAKES IT UNLAWFUL TO OFFER OR SELL ANY FRANCHISE IN THIS STATE WITHOUT FIRST PROVIDING TO THE PROSPECTIVE FRANCHISEE, OR SUBFRANCHISOR, AT LEAST SEVEN DAYS BEFORE THE EXECUTION BY THE PROSPECTIVE FRANCHISEE, OF ANY BINDING FRANCHISE OR OTHER AGREEMENT, OR AT LEAST SEVEN DAYS BEFORE THE PAYMENT OF ANY CONSIDERATION BY THE FRANCHISEE, OR SUBFRANCHISOR, WHICHEVER OCCURS FIRST, A COPY OF THE DISCLOSURE DOCUMENT, TOGETHER WITH A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE.

3. THIS DISCLOSURE DOCUMENT CONTAINS A SUMMARY ONLY OF CERTAIN MATERIAL PROVISIONS OF THE FRANCHISE AGREEMENT AND THE CONTRACT OR AGREEMENT SHOULD BE REFERRED TO FOR A STATEMENT OF ALL RIGHTS, CONDITIONS, RESTRICTIONS AND OBLIGATIONS OF BOTH THE FRANCHISOR AND THE FRANCHISEE.

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

Item 5 is amended to include the following: "All initial fees and payments owned by franchisees shall be deferred until the franchisor completes its pre-opening obligations under the franchise agreement and the franchisee opens for business."

**Illinois FDD Amendment**
Amendments to the iSmash
Franchise Disclosure Document

DISCLOSURE REQUIRED BY THE STATE OF ILLINOIS

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.

Franchisee's rights upon Termination and Non-Renewal are set forth in Sections 19 and 20 of the Illinois Franchise Disclosure Act.

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

Item 5 of the Disclosure Document is amended to include the following: "A Surety Bond has been obtained by the Franchisor to assure its financial capability to its franchisees; the Bond is on file with the Office of the Illinois Attorney General. The financial assurance requirement was imposed by the Office of the Illinois Attorney General due to Franchisor's financial condition."

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

**Indiana FDD Amendment**
Amendments to the iSmash
Franchise Disclosure Document

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

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

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

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

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

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

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

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

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

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

**Maryland FDD Amendment**
Amendments to the iSmash
Franchise Disclosure Document

Item 5, "Initial Fees", is supplemented by the addition of the following:

Based upon the franchisor's financial condition, the Maryland Securities Commissioner has required a financial assurance. Therefore, Franchisor has posted a surety bond to secure its obligations. The surety bond is on file with the Maryland Securities Division.

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

A. The general release required as a condition of renewal, sale, and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

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

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

D. The Franchise Agreement provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 U.S.C. Section 101, et seq.).

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

## Michigan FDD Amendment

Amendments to the iSmash
Franchise Disclosure Document

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

A. A prohibition of your right to join an association of Franchisees.

B. A requirement that you assent to a release, assignment, novation, waiver or estoppel that deprives you of rights and protections provided in this act. This shall not preclude you, after entering into a Franchise Agreement, from settling any and all claims.

C. A provision that permits us to terminate a franchise before the expiration of this term except for good cause. Good cause shall include your failure to comply with any lawful provision of the Franchise Agreement and to cure the failure after being given written notice of the failure and a reasonable opportunity, which in no event need be more than 30 days, to cure the failure.

D. A provision that permits us to refuse to renew a franchise without fairly compensating you by repurchase or other means for the fair market value at the time of expiration of your inventory, supplies, equipment, fixtures and furnishings. Personalized materials that have no value to us and inventory, supplies, equipment, fixtures and furnishings not reasonably required in the conduct of the franchise business are not subject to compensation. This subsection applies only if: (a) the term of the franchise is less than five years, and (b) you are 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 franchise or you do not receive at least six months advance notice of our intent not to renew the franchise.

E. A provision that permits us 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 litigation be conducted outside this state. This shall not preclude you from entering into an agreement, at the time of litigation, to conduct litigation at a location outside this state.

G. A provision that permits us to refuse to permit a transfer of ownership of a franchise, except for good cause. The subdivision does not prevent us 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 our then current reasonable qualifications or standards.
(ii) The fact that the proposed transferee is our or Sub-franchisor's competitor.
(iii) The unwillingness of the proposed transferee to agree in writing to comply with all lawful obligations.
(iv) Your or proposed transferee's failure to pay us any sums or to cure any default in the Franchise Agreement existing at the time of the proposed transfer.

H. A provision that requires you to resell to us items that are not uniquely identified with us. This subdivision does not prohibit a provision that grants us a right of first refusal to purchase the assets of a franchise on the same terms and conditions as a bona fide third party willing and able to purchase those assets, nor does this subdivision prohibit a provision that grants us the right to acquire the assets of a franchise for the market or appraised value and has failed to cure the breach in the manner provided in Item 17(g).

I. A provision that permits us to directly or indirectly convey, assign or otherwise transfer our obligations to fulfill contractual obligations to you unless a provision has been made for providing the required contractual services.

2. If our most recent financial statements are unaudited and show a net worth of less than $100,000, you may request that we arrange for the escrow of initial investment and other funds you paid until our obligations, if any, to provide real estate, improvements, equipment, inventory, training or other items included in the franchise offering are fulfilled. At our option, a surety bond may be provided in place of escrow.

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

4. Any questions regarding this notice should be directed to: State of Michigan, Consumer Protection Division, Attention: Franchise Bureau, 670 Law Building, Lansing, MI 48913; telephone number (517) 373-3800.

## Minnesota FDD Amendment

Amendments to the iSmash
Franchise Disclosure Document

As to franchises governed by the Minnesota franchise laws, if any of the terms of the Disclosure Document are inconsistent with the terms below, the terms below control.

- Minn. Stat. §80C.21 and Minn. Rule 2860.4400(J) prohibit the franchisor from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring the franchisee to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Franchise Disclosure Document or agreements can abrogate or reduce (1) any of the franchisee's rights as provided for in Minnesota Statutes, Chapter 80C, or (2) franchisee's rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.

- With respect to franchises governed by Minnesota law, the franchisor will comply with Minn. Stat. Sec. 80C.14 Subds. 3, 4, and 5 which require (except in certain specified cases), that a franchisee be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for non-renewal of the franchise agreement and that consent to the transfer of the franchise will not be unreasonably withheld.

- The franchisor will protect the franchisee's rights to use the trademarks, service marks, trade names, logotypes or other commercial symbols or indemnify the franchisee from any loss, costs or expenses arising out of any claim, suit or demand regarding the use of the name.

- Minnesota considers it unfair to not protect the franchisee's right to use the trademarks. Refer to Minnesota Statutes 80C.12, Subd. 1(g).

- Minnesota Rules 2860.4400(D) prohibits a franchisor from requiring a franchisee to assent to a general release.

- NSF checks are governed by Minnesota Statute 604.113, which puts a cap of $30 on service charges.

- The franchisee cannot consent to the franchisor obtaining injunctive relief. The franchisor may seek injunctive relief. See Minn. Rules 2860.4400J.

  Also, a court will determine if a bond is required.

Any Limitations of Claims section must comply with Minnesota Statutes, Section 80C.17, Subd. 5.

Franchisor has posted a surety bond with the State of Minnesota equal to the Initial Franchise Fee multiplied by the number of franchises that Franchisor projects to open this fiscal year in Minnesota. This financial assurance requirement was imposed by the State of Minnesota Department of Commerce Securities Section due to the Franchisor's financial condition.

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

## New York FDD Amendment

Amendments to the iSmash
Franchise Disclosure Document

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

**INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT A OR YOUR PUBLIC LIBRARY FOR SERVICES OR INFORMATION. REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT NEW YORK STATE RECOMMENDS IT OR HAS VERIFIED THE**

**INFORMATION IN THIS FRANCHISE DISCLOSURE DOCUMENT. IF YOU LEARN ANYTHING IN THIS FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND THE APPROPRIATE STATE OR PROVINCIAL AUTHORITY. THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE FRANCHISE DISCLOSURE DOCUMENT. HOWEVER, THE FRANCHISOR CAN NOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS THAT ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.**

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

With the exception of what is stated above, the following applies to the franchisor, its predecessor, a person identified in Item 2, or an affiliate offering franchises under the franchisor's principal trademark:

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

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

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

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

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

> However, to the extent required by applicable law, all rights you enjoy and any causes of action arising in your favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force; it being the intent of this proviso that the non-waiver provisions of General Business Law Sections 687(4) and 687(5) be satisfied.

4. The following language replaces the "Summary" section of Item 17(d), titled "**Termination by franchisee**": You may terminate the agreement on any grounds available by law.

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 the franchisee by Article 33 of the General Business Law of the State of New York

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

7. Receipts--Any sale made must be in compliance with § 683(8) of the Franchise Sale Act (N.Y. Gen. Bus. L. § 680 et seq.), which describes the time period a Franchise Disclosure Document (offering prospectus) must be provided to a prospective franchisee before a sale may be made. New York law requires a franchisor to provide the Franchise Disclosure Document at the earlier of the first personal meeting, ten (10) business days before the execution of the franchise or other agreement, or the payment of any consideration that relates to the franchise relationship.

## North Dakota FDD Amendment

Amendments to the iSmash
Franchise Disclosure Document

1. Item 5, "Initial fees", Item 5 is supplemented by the addition of the following:

> Refund and cancellation provisions will be inapplicable to franchises operating under North Dakota Law, North Dakota Century Code Annotated Chapter 51-19, Sections 51-19-01 through 51-19-17. If franchisor elects to cancel this Franchise Agreement, franchisor will be entitled to a reasonable fee for its evaluation of you and related preparatory work performed and expenses actually incurred.

2. Item 6, "Other Fees", Item 6 is supplemented by the addition of the following:

> No consent to termination or liquidated damages shall be required from franchisees in the State of North Dakota.

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

> A. Any provision requiring a franchisee to sign a general release upon renewal of the Franchise Agreement has been determined to be unfair, unjust and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law.
>
> B. Any provision requiring a franchisee to consent to termination or liquidation damages has been determined to be unfair, unjust and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law.

C. 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 and inequitable. Covenants not to compete such as those mentioned above are generally considered unenforceable in the State of North Dakota.

D. Any provision in the Franchise Agreement requiring a franchisee to agree to the arbitration or mediation of disputes at a location that is remote from the site of the franchisee's business has been determined to be unfair, unjust and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law. The site of arbitration or mediation must be agreeable to all parties and may not be remote from the franchisee's place of business.

E. Any provision in the Franchise Agreement which designates jurisdiction or venue or requires the franchisee to agree to jurisdiction or venue in a forum outside of North Dakota is void with respect to any cause of action which is otherwise enforceable in North Dakota.

F. Apart from civil liability as set forth in Section 51-19-12 of the N.D.C.C., which is limited to violations of the North Dakota Franchise Investment Law (registration and fraud), the liability of the franchisor to a franchisee is based largely on contract law. Despite the fact that those provisions are not contained in the franchise investment law, those provisions contain substantive rights intended to be afforded to North Dakota residents and it is unfair to franchise investors to require them to waive their rights under North Dakota Law.

G. Any provision in the Franchise Agreement requiring that the Franchise Agreement be construed according to the laws of a state other than North Dakota are unfair, unjust or inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law.

H. Any provision in the Franchise Agreement which requires a franchisee to waive his or her right to a jury trial has been determined to be unfair, unjust and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law.

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

## Rhode Island FDD Amendment

Amendments to the iSmash
Franchise Disclosure Document

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

A. The Rhode Island Franchise Investment Act, R.I. Gen. Law Ch. 395 Sec. 19-28.1-14 provides that a provision in a Franchise Agreement restricting jurisdiction or venue to a forum

outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under the Rhode Island Franchise Investment Act.

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

**Virginia FDD Amendment**
Amendments to the iSmash
Franchise Disclosure Document

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

Item 5, "Initial Fees," is supplemented by the addition of the following:

The Virginia Sate Corporation Commission's Division of Securities and Retail Franchising requires us to have a financial assurance method in place, and we have posted a surety bond to secure our obligations to franchisees under the Franchise Agreement.

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

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

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

**Washington FDD Amendment**
Amendments to the iSmash
Franchise Disclosure Document

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

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

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

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

4. **General Release.** A release or waiver of rights in the franchise agreement or related agreements purporting to bind the franchisee to waive compliance with any provision under the Washington Franchise Investment Protection Act or any rules or orders thereunder is void except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel, in accordance with RCW 19.100.220(2). In addition, any such release or waiver executed in connection with a renewal or transfer of a franchise is likewise void except as provided for in RCW19.100.220(2).

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

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

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

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

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

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

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

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

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

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

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

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

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

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

18. **Advisory Regarding Franchise Brokers.** Under the Washington Franchise Investment Protection Act, a "franchise broker" is defined as a person that engages in the business of the

offer or sale of franchises. A franchise broker represents the franchisor and is paid a fee for referring prospects to the franchisor and/or selling the franchise. If a franchisee is working with a franchise broker, franchisees are advised to carefully evaluate any information provided by the franchise broker about a franchise.

Item 5 and Item 7 of the Disclosure Document are amended to include the following: "Franchisor has posted a surety bond with the State of Washington as a financial assurance requirement."

**Wisconsin FDD Amendment**
Amendments to the iSmash
Franchise Disclosure Document

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

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

STATE SPECIFIC AMENDMENTS TO FRANCHISE AGREEMENT
AND, IF APPLICABLE, MULTI-UNIT DEVELOPMENT AGREEMENT

**CALIFORNIA FRANCHISE AGREEMENT AND MULTI UNIT DEVELOPMENT AGREEMENT AMENDMENT**

Amendments to the Smash Franchising, LLC Franchise Agreement and Multi-Unit Development Agreement:

In recognition of the requirements of California Franchise Investment Law, California Corporations Code Sections 31000 through 31516, the undersigned agree to the following modifications to the Smash Franchising, LLC Franchise Agreement (the "Franchise Agreement") and Smash Franchising, LLC Multi-Unit Development Agreement ("Multi-Unit Development Agreement"), if signed by Franchisor and Franchisee, as follows:

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

IN WITNESS WHEREOF, the parties have duly executed and delivered this California Amendment to the Smash Franchising, LLC Franchise Agreement and, if applicable, the Multi Unit Development Agreement, on the same date the Franchise Agreement and Multi Unit Development Agreement were, respectively, executed.

| **Franchisor:** Smash Franchising, LLC | **Franchisee:** |
|---|---|
| By: _____ | _____ |
| Signature | Signature |
| _____ | _____ |
| Name and Title (please print) | Name (please print) |
| _____ | _____ |
| Dated | Dated |

## HAWAII FRANCHISE AGREEMENT AMENDMENT

Amendments to the iSmash Franchise Agreement

In recognition of the requirements of the Hawaii Franchise Investment Law, the undersigned agree to the following modifications to the Smash Franchising LLC Franchise Agreement (the "Franchise Agreement"), as follows:

1. Sub-Article 14.C.(6). Sub-article 14.C.(6), under the Article section titled "Conditions for Approval of Transfer," is supplemented by the addition of the following language:

> ; provided, however, that all rights enjoyed by Franchisee and any causes of action arising in Franchisee's favor from the provisions of the Hawaii Franchise Investment Law, shall remain in force; it being the intent of this provision that the non-waiver provisions of the Hawaii Franchise Investment Law be satisfied; and
>
> The Hawaii Franchise Investment Law provides rights to the franchisee concerning non-renewal, termination and transfer of the Franchise Agreement. If this Sub-article contains a provision that is inconsistent with the Hawaii Franchise Investment Law, the Hawaii Franchise Investment Law will control.

2. Sub-Article 15.B.(8). Sub-article 15.B.(8), under the Article section titled "Conditions for Renewal," is supplemented by the addition of the following:

> ; provided, however, that all rights enjoyed by Franchisee and any causes of action arising in Franchisee's favor from the provisions of the Hawaii Franchise Investment Law, shall remain in force; it being the intent of this provision that the non-waiver provisions of the Hawaii Franchise Investment Law be satisfied; and
>
> The Hawaii Franchise Investment Law provides rights to the franchisee concerning non-renewal, termination and transfer of the Franchise Agreement. If this subarticle contains a provision that is inconsistent with the Hawaii Franchise Investment Law, the Hawaii Franchise Investment Law will control.

3. Each provision of this amendment shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Hawaii Franchise Investment Law are met independently without reference to this amendment.

4. All initial fees and payments owned by franchisees shall be deferred until the franchisor completes its pre-opening obligations under the franchise agreement and the franchisee opens for business."

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

IN WITNESS WHEREOF, the parties have duly executed and delivered this Hawaii State amendment to the Smash Franchising LLC Franchise Agreement on the same date as the Franchise Agreement was executed.

| **Franchisor:** Smash Franchising LLC | **Franchisee:** |
|---|---|
| _____ | _____ |
| Signature | Signature |
| _____ | _____ |
| Name and Title (please print) | Name (please print) |
| _____ | _____ |
| Dated | Dated |

**ILLINOIS FRANCHISE AND MULTI-UNIT DEVELOPMENT AGREEMENT AMENDMENT**

Amendments to the iSmash Franchise Agreement
And Multi-Unit Development Agreement

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.

Franchisee's rights upon Termination and Non-Renewal are set forth in Sections 19 and 20 of the Illinois Franchise Disclosure Act.

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

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

A Surety Bond has been obtained by the Franchisor to assure its financial capability to its franchisees; the Bond is on file with the Office of the Illinois Attorney General. The financial assurance requirement was imposed by the Office of the Illinois Attorney General due to Franchisor's financial condition.

IN WITNESS WHEREOF, the parties have duly executed and delivered this Illinois amendment to the Smash Franchising LLC Franchise Agreement and, if applicable, the Development Agreement on the same date as the Franchise Agreement and Development Agreement were, respectively, executed.

| **Franchisor:** Smash Franchising LLC | **Franchisee:** |
|---|---|
| _____ | _____ |
| Signature | Signature |
| _____ | _____ |
| Name and Title (please print) | Name (please print) |
| _____ | _____ |
| Dated | Dated |

## MARYLAND FRANCHISE AND DEVELOPMENT AGREEMENT AMENDMENT

Amendments to the iSmash Franchise Agreement

In recognition of the requirements of the Maryland Franchise Registration and Disclosure Law, the parties to the attached Smash Franchising LLC Franchise Agreement (the "Franchise Agreement"), as follows:

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

2. The general release required as a condition of renewal, sale, and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

3. Article 18.G. of the Franchise Agreement, under the heading "Choice of Law, Non-Binding Mediation, Binding Arbitration, and Consent to Jurisdiction," shall be amended by the addition of the following statement added to Article 18.G. of the Franchise Agreement:

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

4. Article 18.I. of the Franchise Agreement, under the heading "Limitations of Claims," shall be amended by the addition of the following statement added to Article 18.I. of the Franchise Agreement:

> Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within three years after the grant of the franchise.
>
> A general release required as a condition of renewal, sale and/or assignment or transfer of a Franchise Agreement shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law

6. Based upon the franchisor's financial condition, the Maryland Securities Commissioner has required a financial assurance. Therefore, Franchisor has posted a surety bond to secure its obligations. The surety bond is on file with the Maryland Securities Division.

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

8. Each provision of this amendment shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Maryland Franchise Registration and Disclosure Law are met independently without reference to this amendment.

[SIGNATURE PAGE TO FOLLOW]

IN WITNESS WHEREOF, the parties have duly executed and delivered this Maryland amendment to the Smash Franchising LLC Franchise Agreement and, if applicable, the Development Agreement on the same date as the Franchise Agreement and Development Agreement were, respectively, executed.

**Franchisor:** Smash Franchising LLC

Signature

Name and Title (please print)

Dated

**Franchisee:**

Signature

Name (please print)

Dated

Signature

Name (please print)

Dated

## MINNESOTA FRANCHISE AND DEVELOPMENT AGREEMENT AMENDMENT

Amendments to the iSmash Franchise Agreement

If any of the terms of the Franchise Agreement or Development Agreement are inconsistent with the terms below, the terms below control.

- Minn. Stat. §80C.21 and Minn. Rule 2860.4400(J) prohibit the franchisor from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring the franchisee to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Franchise Disclosure Document or agreements can abrogate or reduce (1) any of the franchisee's rights as provided for in Minnesota Statutes, Chapter 80C, or (2) franchisee's rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.

- With respect to franchises governed by Minnesota law, the franchisor will comply with Minn. Stat. Sec. 80C.14 Subds. 3, 4, and 5 which require (except in certain specified cases), that a franchisee be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for non-renewal of the franchise agreement and that consent to the transfer of the franchise will not be unreasonably withheld.

- The franchisor will protect the franchisee's rights to use the trademarks, service marks, trade names, logotypes or other commercial symbols or indemnify the franchisee from any loss, costs or expenses arising out of any claim, suit or demand regarding the use of the name.

- Minnesota considers it unfair to not protect the franchisee's right to use the trademarks. Refer to Minnesota Statutes 80C.12, Subd. 1(g).

- Minnesota Rules 2860.4400(D) prohibits a franchisor from requiring a franchisee to assent to a general release.

- NSF checks are governed by Minnesota Statute 604.113, which puts a cap of $30 on service charges.

- The franchisee cannot consent to the franchisor obtaining injunctive relief. The franchisor may seek injunctive relief. See Minn. Rules 2860.4400J.

  Also, a court will determine if a bond is required.

Any Limitations of Claims section must comply with Minnesota Statutes, Section 80C.17, Subd. 5.

Franchisor has posted a surety bond with the State of Minnesota equal to the Initial Franchise Fee multiplied by the number of franchises that Franchisor projects to open this fiscal year in Minnesota. This financial assurance requirement was imposed by the State of Minnesota Department of Commerce Securities Section due to the Franchisor's financial condition.

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

IN WITNESS WHEREOF, the parties have duly executed and delivered this Minnesota State amendment to the Smash Franchising LLC Franchise Agreement and, if applicable, the Development Agreement on the same date as the Franchise Agreement and Development Agreement were, respectively, executed.

**Franchisor:** Smash Franchising LLC

Signature

Name and Title (please print)

Dated

**Franchisee:**

Signature

Name (please print)

Dated

Signature

Name (please print)

Dated

## NEW YORK FRANCHISE AND DEVELOPMENT AGREEMENT AMENDMENT

Amendments to the iSmash Franchise Agreement

In recognition of the requirements of the New York General Business Law, Article 33, Sections 680 through 695, and of the regulations promulgated thereunder (N.Y. Comp. Code R. & Regs., tit. 13, §§ 200.1 through 201.16), the parties to the attached Smash Franchising LLC Franchise Agreement (the "Franchise Agreement") and, if Franchisor and Franchisee both sign the Smash Franchising LLC Multi-Unit Development Agreement (the "Development Agreement"), as follows:

1. Under Article 14.C of the Franchise Agreement, under the heading "Conditions for Approval of Transfer," the subarticle 14.C(6) is supplemented with the addition of the following language:

> ; provided, however, that all rights and causes of action arising in favor of Franchisee from the provisions of New York General Business Law Sections 680-695 and the regulations issued thereunder, shall remain in force; it being the intent of this provision that the non-waiver provisions of N.Y. Gen. Bus. Law Sections 687.4 and 687.5 be satisfied.

2. Under Article 15.B of the Franchise Agreement, under the heading "Conditions for Renewal," the subarticle 15.B(8) is supplemented with the addition of the following language:

> ; provided, however, that all rights and causes of action arising in favor of Franchisee from the provisions of New York General Business Law Sections 680-695 and the regulations issued thereunder, shall remain in force; it being the intent of this provision that the non-waiver provisions of N.Y. Gen. Bus. Law Sections 687.4 and 687.5 be satisfied.

3. Article 18 of the Franchise Agreement and, if Franchisee executes a Development Agreement, Article 7 of the Development Agreement, under the heading "Enforcement and Construction," shall be supplemented by the addition of the following new subarticle 18.Z. to the Franchise Agreement and Article 7.24 of the Development Agreement:

> Nothing in this Agreement should be considered a waiver of any right conferred upon franchisee by New York General Business Law, Sections 680-695.

4. There are circumstances in which an offering made by Smash Franchising LLC would not fall within the scope of the New York General Business Law, Article 33, such as when the offer and acceptance occurred outside the State of New York. However, an offer or sale is deemed made in New York if you are domiciled in New York or the Outlet will be opening in New York. Smash Franchising LLC is required to furnish a New York prospectus to every prospective franchisee who is protected under the New York General Business Law, Article 33.

5. Each provision of this amendment shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the New York General Business Law, are met independently without reference to this amendment.

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

[SIGNATURE PAGE TO FOLLOW]

IN WITNESS WHEREOF, the parties have duly executed and delivered this New York amendment to the Smash Franchising LLC Franchise Agreement and, if applicable, the Development Agreement on the same date as the Franchise Agreement and Development Agreement were, respectively, executed.

**Franchisor:** Smash Franchising LLC

Signature

Name and Title (please print)

Dated

**Franchisee:**

Signature

Name (please print)

Dated

Signature

Name (please print)

Dated

## NORTH DAKOTA FRANCHISE AGREEMENT AMENDMENT

Amendments to the iSmash Franchise Agreement

In recognition of the North Dakota Franchise Investment Law, Section 51-19, the parties to the attached Smash Franchising LLC Franchise Agreement (the "Franchise Agreement") agree as follows:

The North Dakota Addendum is only applicable if you are a resident of North Dakota or if your iSmash Center outlet will be located within the State of North Dakota.

1. Article 15 of the Franchise Agreement is hereby amended by the addition of the following language: "Provisions requiring North Dakota franchisees to sign a general release upon renewal of the Franchise Agreement are not enforceable in North Dakota."

2. Article 16 of the Franchise Agreement is hereby amended by the addition of the following language: "Provisions requiring North Dakota Franchisees to consent to termination or liquidated damages are not enforceable in North Dakota."

3. Articles 6 and 17 of the Franchise Agreement are hereby amended by the addition of the following language: "Covenants not to compete such as those mentioned above are generally considered unenforceable in the State of North Dakota."

4. Article 18 of the Franchise Agreement is hereby amended by the addition of the following language: "Covenants requiring North Dakota franchisees to consent to the jurisdiction of courts outside of North Dakota may not be enforceable in North Dakota."

5. Article 18 of the Franchise Agreement is hereby amended by the addition of the following language: "for North Dakota Franchisees, North Dakota law shall apply."

6. Article 18 of the Franchise Agreement is hereby amended by the addition of the following language: "Provisions requiring a franchisee to consent to a waiver of trial by jury are not enforceable under Section 51-19-09 of the North Dakota Franchise Investment Law."

7. Article 18 of the Franchise Agreement is hereby amended by the addition of the following language: "Provisions requiring the franchisee to consent to a waiver of exemplary and punitive damages are not enforceable under Section 51-19-09 of the North Dakota Franchise Investment Law."

8. Article 18 of the Franchise Agreement is hereby amended by the addition of the following language: "Provisions requiring a franchisee to consent to a limitation of claims within one year have been determined to be unfair, unjust and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law. Therefore, for North Dakota franchisees, the statute of limitations under North Dakota Law will apply."

9. Article 18 of the Franchise Agreement is modified and amended to provide that all arbitration or mediation required under the Franchise Agreement shall be at a location agreeable to all parties and may not be remote from the franchisee's Franchised Business.
10. No statement, questionnaire or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of: (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf

of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

Each provision of this amendment shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of North Dakota Law are met independently without reference to this amendment.

IN WITNESS WHEREOF, the parties have duly executed and delivered this North Dakota amendment to the Smash Franchising LLC Franchise Agreement on the same date as the Franchise Agreement was executed.

**Franchisor:** Smash Franchising LLC

Signature

Name and Title (please print)

Dated

**Franchisee:**

Signature

Name (please print)

Dated

Signature

Name (please print)

Dated

**VIRGINIA ADDENDUM TO THE FRANCHISE AGREEMENT, MULTI-UNIT DEVELOPMENT AGREEMENT AND RELATED AGREEMENTS**

The Virginia Sate Corporation Commission's Division of Securities and Retail Franchising requires us to have a financial assurance method in place, and we have posted a surety bond to secure our obligations to franchisees under the Franchise Agreement.

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

| **Franchisor:** Smash Franchising LLC | **Franchisee:** |
|---|---|
| _____ | _____ |
| Signature | Signature |
| _____ | _____ |
| Name and Title (please print) | Name (please print) |
| _____ | _____ |
| Dated | Dated |

**WASHINGTON ADDENDUM TO THE FRANCHISE AGREEMENT, MULTI-UNIT DEVELOPMENT AGREEMENT AND RELATED AGREEMENTS**

Amendments to the iSmash Franchise Agreement

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

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

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

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

4. **General Release.** A release or waiver of rights in the franchise agreement or related agreements purporting to bind the franchisee to waive compliance with any provision under the Washington Franchise Investment Protection Act or any rules or orders thereunder is void except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel, in accordance with RCW 19.100.220(2). In addition, any such release or waiver executed in connection with a renewal or transfer of a franchise is likewise void except as provided for in RCW19.100.220(2).

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

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

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

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

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

10. **Waiver of Exemplary & Punitive Damages.** RCW 19.100.190 permits franchisees to seek treble damages under certain circumstances. Accordingly, provisions contained in the franchise agreement or elsewhere requiring franchisees to waive exemplary, punitive, or similar damages are void, except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel, in accordance with RCW 19.100.220(2).

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

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

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

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

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

16. **Questionnaires and Acknowledgments.** No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise

relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

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

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

Item 5 and Item 7 of the Disclosure Document are amended to include the following: "Franchisor has posted a surety bond with the State of Washington as a financial assurance requirement."

| **Franchisor:** Smash Franchising LLC | **Franchisee:** |
|---|---|
| _____ | _____ |
| Signature | Signature |
| _____ | _____ |
| Name and Title (please print) | Name (please print) |
| _____ | _____ |
| Dated | Dated |

FRANCHISE DISCLOSURE DOCUMENT
**EXHIBIT J**
STATE EFFECTIVE DATES

## State Effective Dates

The following states have franchise laws that require that the Franchise Disclosure Document be registered or filed with the states, or be exempt from registration:
California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, and Wisconsin.

This document is effective and may be used in the following states, where the document is filed, registered or exempt from registration, as of the Effective Date stated below:

| Effective Dates | |
|---|---|
| California | Pending |
| Hawaii | Pending |
| Illinois | Pending |
| Indiana | April 16, 2026 |
| Maryland | Pending |
| Michigan | June 17, 2025 |
| Minnesota | Pending |
| New York | Pending |
| North Dakota | April 16, 2026 |
| Rhode Island | Pending |
| South Dakota | June 30, 2025 |
| Virginia | Pending |
| Washington | Pending |
| Wisconsin | Pending |

Other states may require registration, filing, or exemption of a franchise under other laws, such as those that regulate the offer and sale of business opportunities or seller-assisted marketing plans.

FRANCHISE DISCLOSURE DOCUMENT
**EXHIBIT K**
RECEIPTS

# RECEIPT

This Disclosure Document summarizes certain provisions of the Franchise Agreement and other information in plain language. Read this Disclosure Document and all the agreements carefully.

If Smash Franchising LLC offers you a franchise, we must provide this Disclosure Document to you 14 calendar days before you sign a binding agreement with, or make a payment to, us or an affiliate of ours in connection with the proposed franchise sale, or sooner if required by applicable law.

Applicable state laws in New York and Rhode Island require that we give you this document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreements or the payment of any consideration that relates to the franchise relationship. Michigan requires that we give you this Disclosure Document at least 10 business days before the signing of any binding franchise or other agreement, or the payment of any consideration, whichever occurs first.

If Smash Franchising LLC does not deliver this Disclosure Document on time of if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the applicable state administrator identified Exhibit A of this Disclosure Document. We authorize the respective state agencies identified in Exhibit B of this Disclosure Document to receive service of process for us in the particular state.

The Issuance Date of this Disclosure Document is: April 15, 2026 as amended May 8, 2026
The franchise sellers for this offering are:

| Name | Principal Business Address | Telephone Number |
|---|---|---|
| Steven Shortino | 1225 Jefferson Road #13, Rochester, New York 14623 | (585) 601-2247 |
| Eugene Vaksman | 1225 Jefferson Road #13, Rochester, New York 14623 | (585) 601-2247 |
| | | |

I received a Disclosure Document issued on April 15, 2026 as amended May 8, 2026 that included the following exhibits:

| | |
|---|---|
| A. List of State Administrators | G. List of Franchisees |
| B. List of Agents for Service of Process | H. List of Franchisees Who Have Left the System |
| C. Operations Manual Table of Contents | I. State Specific Addenda |
| D. Financial Statements | J. State Effective Dates |
| E. Franchise Agreement | K. Receipts |
| F. Multi-Unit Development Agreement | |

| **Date** | **Print Name** | **Signature** |
|---|---|---|
| **Date** | **Print Name** | **Signature** |

**Please sign this copy of the receipt, date your signature, and return it to Smash Franchising LLC, 1225 Jefferson Road #13, Rochester, NY 14623.**

# RECEIPT

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If Smash Franchising LLC does not deliver this Disclosure Document on time of if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the applicable state administrator identified Exhibit A of this Disclosure Document. We authorize the respective state agencies identified in Exhibit B of this Disclosure Document to receive service of process for us in the particular state.

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| Name | Principal Business Address | Telephone Number |
|---|---|---|
| Steven Shortino | 1225 Jefferson Road #13, Rochester, New York 14623 | (585) 601-2247 |
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| F. Multi-Unit Development Agreement | |

| **Date** | **Print Name** | **Signature** |
|---|---|---|
| **Date** | **Print Name** | **Signature** |

**Please sign this copy of the receipt, date your signature, and return it to Smash Franchising LLC, 1225 Jefferson Road #13, Rochester, NY 14623.**