

## FRANCHISE DISCLOSURE DOCUMENT



**TPP FRANCHISING LLC**  
**a Delaware Limited Liability Company**  
**12222 Merit Drive, Suite 1300,**  
**Dallas, Texas 75251**  
**(866) 414-0616**  
**robert.morris@thepicklepad.com**  
**www.thepicklepad.com**

We offer franchises for recreational facilities featuring pickleball courts, merchandise, other social games, food and beverages, and other related products and services under “The Pickle Pad™” name and marks. The total investment necessary to begin operation of a “The Pickle Pad™” facility ranges from \$1,370,000 to \$2,027,500. This includes \$45,000 that must be paid to us or our affiliates.

We also offer the right to acquire franchises for and develop multiple “The Pickle Pad™” facilities in a specified geographic area. If we grant you area development rights, the initial development fee that you must pay us will depend on the number of facilities you agree to develop. The total investment necessary to begin operation of an area development business with a 3 facility commitment ranges from \$53,500 to \$58,500. This includes \$52,500 that must be paid to us or our affiliates. The estimated initial investment for an area development business does not include the cost of developing each individual facility.

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 payments to, the franchisor or an affiliate in connection with the proposed franchise sale. **Note, however, that no government agency has verified the information contained in this document.** You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact TPP Franchising LLC, Robert Morris, 12222 Merit Drive, Suite 1300, Dallas, Texas 75251 (866) 414-0616.

The terms of your contract will govern your franchise relationship. Don’t rely on this Disclosure Document alone to understand your contract. Read all of your contract carefully. Show your contract and this Disclosure Document to an advisor, like a lawyer or an accountant. Buying a franchise is a complex investment. The information in this Disclosure Document can help you make up your mind. More information on franchising, such as “A Consumer’s Guide to Buying a Franchise,” which can help you understand how to use this Disclosure Document, is available from the Federal Trade Commission. You can contact the FTC at 1-877-FTC-HELP or by writing to the FTC at 600 Pennsylvania Avenue, NW, Washington, D.C. 20580. You can also visit the FTC’s home page at [www.ftc.gov](http://www.ftc.gov) for additional information. Call your state agency or visit your public library for other sources of information on franchising. There may also be laws on franchising in your state. Ask your state agencies about them.

**ISSUANCE DATE: April 29, 2024**

## How to Use This Franchise Disclosure Document

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

QUESTION	WHERE TO FIND INFORMATION
<b>How much can I earn?</b>	Item 19 may give you information about outlet sales, costs, profits or losses. You should also try to obtain this information from others, like current and former franchisees. You can find their names and contact information in Item 20 or Exhibits D-1 and D-2.
<b>How much will I need to invest?</b>	Items 5 and 6 list fees you will be paying to the franchisor or at the franchisor's direction. Item 7 lists the initial investment to open. Item 8 describes the suppliers you must use.
<b>Does the franchisor have the financial ability to provide support to my business?</b>	Item 21 or Exhibit E includes financial statements. Review these statements carefully.
<b>Is the franchise system stable, growing, or shrinking?</b>	Item 20 summarizes the recent history of the number of company-owned and franchised outlets.
<b>Will my business be the only The Pickle Pad™ business in my area?</b>	Item 12 and the “territory” provisions in the franchise agreement and the area development agreement describe whether the franchisor and other franchisees or area developers can compete with you.
<b>Does the franchisor have a troubled legal history?</b>	Items 3 and 4 tell you whether the franchisor or its management have been involved in material litigation or bankruptcy proceedings.
<b>What's it like to be a The Pickle Pad™ franchisee?</b>	Item 20 or Exhibits D-1 and D-2 lists current and former franchisees. You can contact them to ask about their experiences.
<b>What else should I know?</b>	These questions are only a few things you should look for. Review all 23 Items and all Exhibits in this disclosure document to better understand this franchise opportunity. See the table of contents.

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

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

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

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

**Operating restrictions.** The franchise agreement and/or the area development 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 and/or the area development agreement grants you a territory, the franchisor may have the right to compete with you in your territory.

**Renewal.** Your franchise agreement and/or the area development 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 and/or the area development 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 and/or the area development 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 area development agreement require you to resolve disputes with us by mediation, arbitration and/or litigation in Dallas, Texas. Out-of-state mediation, arbitration or litigation may force you to accept a less favorable settlement for disputes. It may also cost you more to mediate, arbitrate or litigate with us in Dallas, Texas than in your home state.

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

## **DISCLOSURES REQUIRED BY GEORGIA LAW.**

The State of Georgia has not reviewed and 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.

## **DISCLOSURES REQUIRED BY NORTH CAROLINA LAW**

The State of North Carolina has not reviewed and 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.

## **DISCLOSURES REQUIRED BY SOUTH CAROLINA LAW**

The State of South Carolina has not reviewed and 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.

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

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

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



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

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

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

If the franchisor's most recent financial statements are unaudited and show a net worth of less than \$100,000, the franchisor shall, at the request of a franchisee, arrange for the escrow of initial investment and other funds paid by the franchisee until the obligations to provide real estate, improvements, equipment, inventory, training, or other items included in the franchise offering are fulfilled. At the option of the franchisor, a surety bond may be provided in place of escrow.

**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  
Consumer Protection Division  
Attn: Franchise  
670 G. Mennen Williams Building  
525 West Ottawa  
Lansing, Michigan 48933  
Telephone Number: (517) 373-7117

Note: Despite subparagraph (f) above, we intend to fully enforce the arbitration provisions of the area development agreement and franchise agreement. We believe that paragraph (f) is preempted by federal law and cannot preclude us from enforcing these arbitration provisions. We will seek to enforce this section as written.

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

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## Item 1.

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

To simplify the language in this franchise disclosure document (this “Disclosure Document”), “franchisor,” “we,” “us,” or “our” means TPP Franchising LLC. “You” or “your” means the person or entity who buys the franchise from us. If you are a corporation, partnership, limited liability company, or other business entity, your owners will have to guarantee your obligations and be bound by the provisions of the Franchise Agreement (defined below), Area Development Agreement (defined below) and other agreements described in this Disclosure Document. We offer and grant franchises to operate recreational facilities featuring pickleball courts, merchandise, other social games, food and beverages and other related products and services we authorize (each a “Club”).

#### **The Franchisor**

We were organized in Delaware as a limited liability company. Our principal business address is 12222 Merit Drive, Suite 1300, Dallas, Texas 75251. Our principal telephone number is (866) 414-0616. Our agents for service of process are listed on [Exhibit A](#). We do business under our company name and the name “The Pickle Pad™”. We do not do business under any other name. We do not currently own or operate any Clubs. We began offering franchises for Clubs in November 2023.

#### **Our Parents, Predecessors and Affiliates**

We are wholly-owned by TPP Holding Company LLC (“TPPH”), which is wholly-owned by Indoor Active Brands LLC, which is majority-owned by NRD Partners II, L.P. Each of these parents has the principal business address of 2859 Paces Ferry Road, Ste 412, Atlanta, GA 30339. None of our parents own a Club or offer franchises for Clubs or any other concepts (though certain of their affiliates do).

Our affiliate, TPP IP LLC (“TPP IP”) owns the Marks (as defined below) and will provide trademark license rights in the Marks to us, enabling us to license those Marks to franchisees. TPP IP does not currently own or operate any Clubs or offer franchises for Clubs or any other concept. TPP IP has a principal business address of 2859 Paces Ferry Road, Ste 412, Atlanta, GA 30339.

#### **Affiliated Franchise Programs**

We are also under common control with the following entities which offer franchises:

Frisch’s Franchising, LLC franchises a full-service restaurant concept under the “Frisch’s Big Boy” trademarks, featuring hamburgers, fish sandwiches, pies, salads, breakfast, and other food and beverage offerings. Frisch’s Franchising, LLC has offered franchises for the “Frisch’s Big Boy” concept since June 2016. As of the end of its most recent fiscal year (May 30, 2023), there were 14 franchised “Frisch’s Big Boy” restaurants in operation. Frisch’s Franchising, LLC has the principal place of business at 2800 Gilbert Avenue, Cincinnati, Ohio 45206.

ATP Franchising, LLC franchises a recreational entertainment facility concept under the “Altitude Trampoline Park” trademarks, featuring trampolines, obstacle courses, and other activities. ATP Franchising, LLC has been the franchisor of the “Altitude Trampoline Park” concept since December 2018. As of the end of its most recent fiscal year (December 31, 2023),

there were 66 franchised “Altitude Trampoline Park” facilities in the United States, and 5 franchised “Altitude Trampoline Park” facilities in operation internationally. ATP Franchising LLC has its principal place of business at 12222 Merit Drive, Suite 1300, Dallas, Texas 75251.

TOHC Franchising, LLC franchises restaurants featuring southern-style hot chicken tenders and sandwiches, chicken and waffles, and other products and services under the “The Original Hot Chicken” name and marks. TOHC Franchising, LLC has offered franchises for “The Original Hot Chicken” restaurants since May 2023. As of the end of its most recent fiscal year (May 31, 2023), there were no franchised “The Original Hot Chicken” restaurants in operation. TOHC Franchising LLC also offered a co-branded “The Original Hot Chicken” and “Inked Tacos” franchise from May 2023 to November 2023, and an associated area representative franchise from June 2023 to December 2023, though in each case none were sold. TOHC Franchising LLC has its principal place of business at 2859 Paces Ferry Road, Suite 412, Atlanta, Georgia 30339.

None of the affiliates described above have owned, operated, or offered franchises for Clubs. Other than as listed above, neither we nor any of our affiliates offers franchises for any other concept, though they may do so in the future. Except as described above, we do not have any parents, predecessors, or other affiliates required to be disclosed in Item 1.

## **The Franchise**

Clubs operate under the name “The Pickle Pad™” and other trademarks, service marks, logos, and commercial symbols we periodically authorize (the “Marks”). Clubs also operate using distinctive and proprietary business formats, methods, procedures, designs, layouts, standards, and specifications, all of which we may improve, substitute, further develop, or modify periodically (together, the “System”). We call the Club that you will operate “your Club.” You must comply with all of our mandatory standards, specifications, operating procedures, and rules that we prescribe for operating a Club (“System Standards”).

You must sign a franchise agreement with us to acquire the right to develop, own and operate a Club (the “Franchise Agreement”) using the Marks and the System at a site selected by you and accepted by us (the “Premises”). Our current form of Franchise Agreement is attached to this Disclosure Document as Exhibit B-1. We may also elect to grant qualified persons the right to acquire multiple franchises for Clubs within a specifically described geographic territory according to a designated development schedule. Our current form of area development agreement is attached to this Disclosure Document as Exhibit B-2 (the “Area Development Agreement”). If we approve you to sign an Area Development Agreement, we will mutually agree with you on the number of Clubs that you will develop under your Area Development Agreement and the development schedule for those Clubs before you sign your Area Development Agreement. Currently, we require a minimum development commitment of 3 Clubs for new area developers; however, we will make all decisions about the number of Clubs that an area developer will develop based on our then-current criteria (including, for example, relevant business experience, financial resources, the geographic market, and other factors). You must sign our then-current Franchise Agreement for each Club that you develop under your development schedule, which may have terms that are materially different than the Franchise Agreement that is attached to this Disclosure Document as Exhibit B-1, except that we will lock-in our current Royalty rate (currently, 6% of Gross Sales) for all Clubs that you develop under your Area Development Agreement.

If you are acquiring your franchise from an existing franchisee, in addition to signing a Franchise Agreement, you and your owners and the existing franchisee and its owners must also sign our then-

current form of Consent to Transfer (the “Consent to Transfer”). Our current form of Consent to Transfer is attached as Exhibit B-3 to this Disclosure Document.

### **Market Competition.**

Your competition will include national, regional, and local chains of pickleball clubs as well as other indoor and outdoor venues that offer similar recreational activities, such as locations offering sports and games, tennis courts and clubs, country clubs, sports leagues, fitness classes and activities, and other recreational activities and services. You may also compete with government agencies that offer parks and recreation services and facilities. You will be competing with such businesses both for customers and for real estate locations. The pickleball market is a developing and highly competitive market. Clubs in hot or cold climates may experience some seasonality (i.e. increased sales when outside temperatures are not conducive to outdoor activities, and vice versa).

### **Laws and Regulations.**

Certain aspects of operating a Club are regulated by federal, state and local laws, rules and ordinances. For example, regulations may require pickleball clubs and/or similar recreational facilities to carry certain minimum insurance, obtain a license, post safety warnings and signs at the premises, keep a log of injuries, limit the number of customers, maintain supervisory employees, maintain first aid equipment or defibrillators on site, comply with safety specifications for equipment, and/or submit to periodic inspections.

In addition, because Clubs will offer food and beverages, you will have to observe federal, state, and local laws, rules, and regulations applicable to the operation and licensing of food service businesses, including health permit and inspection regulations, and alcoholic beverage sales requirements. Among the licenses and permits you may be required to obtain are: Sunday sale permits, alcoholic beverage permits and licenses, special tax stamps, fire permits, food establishment permits, health and safety permits, alarm permits, occupational permits, retail sales licenses, and wastewater discharge permits. In addition, the Menu Labeling Provisions of the Patient Protection and Affordable Health Care Act require certain restaurants and retail food establishments to post caloric information on menus and menu boards, and to provide additional written nutrition information available to consumers upon request. Some states have also adopted or are considering proposals that would increase obligations to report certain nutritional information. The Federal Clean Air Act and various implementing state laws require certain state and local areas to meet national air quality standards limiting emissions of ozone, carbon monoxide, and particulate matters, including caps on omissions from commercial food preparation. Some areas have also adopted or are considering proposals that would regulate indoor air quality.

In addition to regulations applicable to recreation facilities and food service establishments, you must also comply with laws generally applicable to all businesses, including laws relating to compensation of employees (including minimum wage and overtime requirements), business licensure, zoning, real estate and occupational permitting, construction permitting, accessibility for persons with disabilities, sales and use tax, food service, health and safety, and emergency orders related to public health or safety. There may also be other laws applicable to your Club. You should consult an attorney and consider all of these laws and regulations when evaluating your purchase of a franchise for a Club. You are solely responsible for ensuring that you and your Club’s operations comply with all applicable laws.

## Item 2.

### BUSINESS EXPERIENCE

#### **Aziz Hashim – Executive Chairman**

Aziz Hashim has served as the Executive Chairman of us and our affiliates since August 2023. Mr. Hashim has also served as: (i) Executive Chairman of Indoor Active Brands LLC since November 2023 (ii) Executive Chairman of TOHC Holding Company, LLC (parent of the “The Original Hot Chicken” brand) and certain of its affiliates since January 2023; (iii) Managing Member of NRD Capital Management, LLC and NRD Partners I GP, LLC since November 2014, (iv) Managing Member of NRD Capital Management II, LLC and NRD Partners II GP, LLC since August 2016, (v) Chairman and a Director of Frisch’s Restaurants, Inc., since April 2016 and August 2015, respectively, and Chairman of Frisch’s Franchising, LLC (franchisor of the “Frisch’s Big Boy” brand), Ohio Valley Foods, and certain of their affiliates since June 2016, (vi) the Manager of Restaurant Management Services LLC since January 2005, (vii) a Director, President, and Secretary of Franklin Junction, Inc. since March 2021, (viii) President and a member of the Board of Managers of TP Opportunity Group, LLC since March 2021, (ix) Chairman of the Board of Managers of ATP Holding Company (parent of the “Altitude Trampoline Park” brand) and certain of its affiliates since December 2018, and (x) managing member of Experiential Brands LLC since October 2021 and its Chairman and President since November 2022. Mr. Hashim previously served as: (a) the Chairman of the Board of FTO Holding Company, LLC (the parent of the “Fuzzy’s Taco Shop” brand) from February 2016 to December 2022, (b) Chairman and Director of Ruby Tuesday, Inc. from December 2017 to February 2021, and President of Ruby Tuesday, Inc. from December 2017 to November 2021, (c) director of Mikes Kitchen Franchising (Pty) Ltd (franchisor of the “Mike’s Kitchen” brand in South Africa) from May 2017 to November 2019, and (d) a member of the Board, President and Secretary of TCB Canada Holding Company Inc. (the parent of “The Captains Boil” brand in Canada) from March 2018 to May 2022. All positions are and were held by Mr. Hashim from Atlanta, Georgia.

#### **Mike Rotondo – Chief Executive Officer**

Mike Rotondo has been our Chief Executive Officer since August 2023. Mr. Rotondo has also served as the Chief Executive Officer of ATP Franchising LLC (franchisor of the “Altitude Trampoline Park” brand) and certain of its affiliates since December 2019. From March 2021 to March 2023, Mr. Rotondo was also on the board of managers of TP Opportunity Group LLC. Prior to that, Mr. Rotondo served as the Chief Executive Officer at Edible Arrangements from June 2018 to November 2019. All positions are and were held by Mr. Rotondo from Atlanta, Georgia.

#### **Doug Williams – Chief Financial Officer**

Doug Williams has been our Chief Financial Officer since August 2023. Mr. Williams has been the Chief Financial Officer of ATP Franchising LLC (franchisor of the “Altitude Trampoline Park” brand) and certain of its affiliates since March 2023. Prior to that, Mr. Williams was the Chief Financial Officer of Sun Holdings and Sun Steak LLC in Dallas, Texas from June 2020 to March 2023, the Chief Financial Officer of Whitebridge Pet Brands in Creve Coeur, Missouri from September 2019 to February 2020, and the Chief Financial Officer of Thomas Industrial in Pevely, Missouri from May 2015 to September 2019. From February 2020 to June 2020, Mr. Williams was between positions. All positions with us and ATP Franchising, LLC are held by Mr. Williams from Dallas, TX.

## **Robert Morris – Vice President of Development**

Robert Morris has been our Vice President of Development since August 2023. Mr. Morris was the Vice President of Development of ATP Franchising LLC (franchisor of the “Altitude Trampoline Park” brand) and certain of its affiliates from December 2021 to March 2024, prior to which he was their Senior Director of Operations from November 2020 to March 2021, and their Vice President of Operations from March 2021 to December 2021. From April 2019 to November 2020, Mr. Morris served as the Executive Senior Director of Sales, Marketing & Operations for Dezerland Park. All positions with us and ATP Franchising, LLC are held by Mr. Morris from Orlando, Florida.

### **Item 3.**

#### **LITIGATION**

No litigation is required to be disclosed in this Item.

### **Item 4.**

#### **BANKRUPTCY**

In re: Ruby Tuesday, Inc., et. al., U.S. Bankruptcy Court, District of Delaware (Wilmington), October 7, 2020: Case Nos. 1:20-BK-12456 to 124507. Ruby Tuesday, Inc. and each of its subsidiaries and its direct parent voluntarily filed for Chapter 11 bankruptcy relief on October 7, 2020. The debtors owned and operated the “Ruby Tuesday®” brand, system of restaurants, and related business enterprises. The debtors’ reorganization plan became effective by order of the court on February 24, 2021. Pursuant to the reorganization plan, certain of the debtors’ assets and operations were re-organized and distributed among their creditors. The court issued a final decree closing the Chapter 11 case on December 10, 2021. Aziz Hashim, our Executive Chairman, was an officer of Ruby Tuesday, Inc. and certain of its affiliates at the time they filed for bankruptcy relief. At the time of filing, Ruby Tuesday, Inc. and each of its subsidiaries had the address and principal place of business of 333 East Broadway Avenue, Maryville, TN 37804, and its parent RTI Holding Company LLC had the principal place of business 4170 Ashford Dunwoody Road, Suite #390, Atlanta, GA 30319.

In re: Sun Steaks, LLC, U.S. Bankruptcy Court, Middle District of Florida (Tampa), October 16, 2020: Case No. 8:20-bk-07727-CED. Sun Steaks, LLC filed for Chapter 11 bankruptcy relief on October 16, 2020. Sun Steaks, LLC was the operator of certain “Golden Corral®” branded restaurants in Florida. The debtor’s reorganization plan became effective by order of the court on June 15, 2021. Pursuant to the reorganization plan, the debtor would cease all operations, and the assets of the debtor would be liquidated to pay its creditors. The claims process remains ongoing. At the time of filing the petition for relief, Doug Williams, our Chief Financial Officer, was the Chief Financial Officer of the debtor. Sun Steaks, LLC has the principal business address of 4515 Lyndon B. Johnson Highway, Dallas, TX 75244.

Other than these actions, no bankruptcy information is required to be disclosed in this Item.

**Item 5.**

**INITIAL FEES**

**Initial Franchise Fee**

You must pay us an initial franchise in a lump sum on the date that you sign the Franchise Agreement (the “Initial Franchise Fee”). The Initial Franchise Fee will be \$45,000 for the 1<sup>st</sup> Club developed by you or your affiliates, \$35,000 for the 2<sup>nd</sup> Club developed by you or your affiliates, or \$25,000 for the 3<sup>rd</sup> or subsequent Club developed by you or your affiliates. The Initial Franchise Fee is fully earned when paid and not refundable under any circumstances.

**Area Development Fee**

If you execute an Area Development Agreement to acquire franchises to develop multiple Clubs, you must pay us a development fee (“Development Fee”) equal to 50% of the Initial Franchise Fee for each Club that you propose to develop, when you sign your Area Development Agreement. The full amount of the Development Fee per Club will be credited towards the Initial Franchise Fee due for that Club. As discussed in Item 1, we currently require a development commitment of at least 3 Clubs; therefore, when you sign an Area Development Agreement, you would pay an initial Development Fee of \$52,500 for a 3-Club commitment. The Development Fee is fully earned when paid and not refundable under any circumstances.

**Referral Fees.**

We may use one or more franchise brokers or referral sources to assist us in selling our franchise. If we use a franchise broker or referral source, we may pay them a referral fee if you purchase a franchise.

**Item 6.**

**OTHER FEES**

TYPE OF FEE <sup>1</sup>	AMOUNT	DUE DATE	REMARKS <sup>2</sup>
Royalty	6% of Gross Sales <sup>3</sup>	Monthly	You must pay us a Royalty in the manner we prescribe. Currently, we collect the Royalty through electronic funds transfers. <sup>2</sup> If you sign an Area Development Agreement, we will lock-in this Royalty for all Clubs you develop under the Area Development Agreement.
Brand Fund Contribution	2% of Gross Sales (subject to change)	Monthly	You must pay your Brand Fund Contribution through electronic funds transfers. The amount of the Brand Fund Contribution is subject to change, but the amount of your Brand Fund Contribution, together with your Local Advertising Cooperative Contribution and your Local Advertising Expenditure will not collectively exceed 5% of Gross Sales (your Maximum Advertising Expenditure, as defined below).



TYPE OF FEE <sup>1</sup>	AMOUNT	DUE DATE	REMARKS <sup>2</sup>
Additional Training Fee	\$400 per day, per trainer, plus expenses (subject to change).	As incurred	You will pay us an additional training fee for any additional training we offer because: (1) we determine that any of your Key Personnel have not completed the Management Training Program to our satisfaction; (2) you appoint a new Approved Manger or your Principal Owner changes; (3) you are not performing to our System Standards; (4) you request, and we agree, to provide any additional training, after the Management Training Program; or (5) we provide any on-site services at your Club for any reason. We may also charge our then-current fees for other conferences, meetings, webinars, and other ongoing training programs as we determine (currently, only the annual conference fee, described below).
Local Advertising Cooperative Contribution	Determined when established (currently not collected) <sup>4</sup>	Determined when established	Payable to the Local Advertising Cooperative (as defined in Item 11) if a Local Advertising Cooperative is established in your area. The amount of the Local Advertising Cooperative Contribution will be determined when it is established but the amount of your Local Advertising Cooperative Contribution together with your Brand Fund Contribution and your Local Advertising Expenditure will not collectively exceed 5% of Gross Sales (your Maximum Advertising Expenditure, as defined below). If a Local Advertising Cooperative is established, we expect that the amount of the Local Advertising Cooperative Contribution will be established by a vote of the members of that Local Advertising Cooperative (and franchisor or affiliate-owned Clubs will have the same voting rights as franchisee-owned Clubs in that geographic region).
Local Advertising Expenditure	Determined when established (currently not required) <sup>4</sup>	Determined when established	We may require you to pay the Local Advertising Expenditure (as defined in Item 11) to advertise your Club. We may also require you to pay this amount to us or our designees. The amount of the Local Advertising Expenditure will be determined when established but the amount of your Local Advertising Expenditure together with your Brand Fund Contribution and Local Advertising Cooperative Contribution will not collectively exceed 5% of Gross Sales (your Maximum Advertising Expenditure, as defined below).

TYPE OF FEE <sup>1</sup>	AMOUNT	DUE DATE	REMARKS <sup>2</sup>
Conference Fee	\$199 per person (subject to change)	As incurred	We require you and your Key Personnel to attend an annual meeting of franchise owners and pay the fee per person, regardless of attendance.
Renewal Fee	\$11,250 (subject to change)	Before renewal is approved	You must pay 25% of our then-current franchise fee, if you renew your franchise after the expiration of the Franchise Agreement. Your right to renew your franchise is subject to certain terms and conditions.
Transfer Fee	\$15,000 (per Franchise Agreement, and/or Area Development Agreement)	Before transfer completed	Payable as a condition of transfer; unless the transfer occurs because you (or your Principal Owner) die or is disabled, if transfer is to an immediate family member, or an entity wholly-owned by you, provided that in such cases you reimburse us for our costs incurred in reviewing and processing such transfer, including legal fees. Your right to transfer is subject to certain terms and conditions.
Financial Audit	Understated amounts, plus interest.	Within 15 days after receiving the examination report	Due if you fail to furnish any reports we require or understate Gross Sales. If the understatement is more than 3% of Gross Sales, you must also reimburse our audit fees and related expenses.
Interest	2% per month or highest commercial contract interest rate allowed by law, whichever is lower	As incurred	Due on all overdue amounts and accruing as of the original due date.
Insufficient Funds	\$100 per instance (subject to change)	On demand	You must pay our then-current fee each time we attempt to debit your business account and we receive a notice of insufficient funds.
Maintenance	You must reimburse our expenses	On demand	If you fail to maintain your Club in accordance with our System Standards, and do not complete any required maintenance for more than 30 days after we notify you, then we can undertake the repairs and you must reimburse our costs.
Membership Complaints	You must reimburse our expenses	On demand	If we are contacted by a member of your Club who wishes to lodge a complaint, we may address the member's complaints, which may include refunding money to the complaining member, in which case you must reimburse us for these amounts.

TYPE OF FEE <sup>1</sup>	AMOUNT	DUE DATE	REMARKS <sup>2</sup>
Insurance	Estimated \$5,000 per occurrence, plus costs (subject to change)	On demand	If you fail to obtain insurance, we may obtain insurance for you, and you must pay us a reasonable fee as we determine, plus our direct costs.
Tax Reimbursement	Will vary under circumstances	On demand	You are responsible for all taxes related to your Club. If we, for any reason, pay taxes to any state or federal taxing authority on account of either your operations or payments that you make to us (except for our income taxes) you must reimburse us for such amounts, plus our expenses.
Indemnification	Will vary under circumstances	On demand	You must reimburse us and our affiliates if any of us are held liable for claims related to your operations, your Club, or your breach of the Franchise Agreement, or Area Development Agreement.
Costs and Attorney's Fees	Will vary under circumstances	As incurred	Prevailing party in a dispute or proceeding must pay all damages, costs and expenses, including mediation, arbitration and court costs and reasonable attorneys' fees.
Testing of new product/supplier	Our direct costs (subject to change)	As incurred	We may charge you a fee if you ask us to evaluate any proposed alternative suppliers.
Interim Operations Fee	\$550 per day, plus costs (subject to change)	As incurred	You must pay our then-current fee if we step-in to operate your Club on an interim basis if you abandon or fail actively to operate your Club or the Franchise Agreement expires or is terminated and we are transitioning your Club operations to us or another person we designate, or determining whether to do so.
Technology Fee	\$250 per month (subject to change)	Monthly	We may charge you our then-current technology fee for support and development, website and email hosting, and other technology services. We may modify the amount of the Technology Fee periodically up to \$500 per month during the first 5 years of operation for any Club, or up to \$1,000 per month after 5 years of operation. The amount of your Technology Fee may vary in part by factors that are determined by you or your Club (such as the number of email addresses you request). Other franchisees may pay a different amount.
Reinspection Fee	Reimbursement of our expenses	As incurred	If any inspection of your Club reveals violations of System Standards, you must reimburse us for our cost of any re-inspection or follow-up visits to your Club to determine if all violations have been cured.

TYPE OF FEE <sup>1</sup>	AMOUNT	DUE DATE	REMARKS <sup>2</sup>
Mystery Shopper Fee	Reimbursement of our expenses	As incurred	You must reimburse us for the cost of any mystery shoppers that we engage to inspect your Club.
Lost Revenue Damages	Will vary under circumstances	Within 15 days of termination	If we terminate your Franchise Agreement because of your default (or you terminate without cause), you must pay us lost revenue damages equal to the net present value of the balance of your Royalties, Brand Fund Contributions and Local Advertising Cooperative Contributions, from the date of termination until the earlier of (i) 2 years from the date of termination, or (ii) the scheduled expiration date of your Franchise Agreement (based on the average monthly amount of your Gross Sales during the preceding 12 months, or if you have been operating your Club for less than 12 months, on the average monthly Gross Sales of all Clubs during our previous fiscal year).

### **Explanatory Notes**

1. Except as described in this Item 6, all fees are imposed and collected by and payable to us, though we may transfer these rights to our affiliates. These fees are not refundable. Not all our fees are uniformly imposed due to individual negotiated terms with certain franchisees. All amounts payable by you to us or our affiliates must be in United States Dollars (\$USD).

2. You must pay the Royalty, the Brand Fund Contribution and other amounts due under the Franchise Agreement or Area Development Agreement as we periodically prescribe. Currently, we require all payments to be made through an electronic funds transfer system that allows us to debit a business account you designate for all amounts you owe us on their due dates or the next business day if the due date is a national holiday or a weekend day. You must ensure that funds are available in your designated account to cover our withdrawals. If the amounts that we debit from your account are greater than the amounts you actually owe us, we will credit the excess against the amounts we otherwise would debit from your business account on the next payment due date. We may require you to make payments through any other method at any time, and you must comply with our payment instructions. We may change the timing and intervals of your payments with 30 days prior notice to you.

3. “Gross Sales” means the total gross revenue or consideration derived from your sale of products and services and all other income of every kind and nature, directly or indirectly, from operating your Club, including, all revenue or consideration you receive at or away from the Premises, and whether from cash, check, credit and debit card, barter exchange, trade credit, or other credit transactions. There will be no deductions allowed for uncollected or uncollectible credit accounts and no allowances will be made for bad debts. Gross Sales includes the proceeds of any business interruption insurance or similar insurance. If we authorize you to display, promote, or otherwise sell any third-party advertising opportunities, including but not limited to, the sale or display of banners, signage, sponsorships, products, or other forms of third-party promotion, on the Premises of, or otherwise associated with, your Club, any and all revenue you derive from such arrangement shall be included in Gross Sales in

accordance with our then-current guidelines. Further, if we authorize or require participation in online group-bought deals, gift certificate and/or gift card programs, the payments you receive for those online group-bought deals, gift certificates or gift cards will be included in Gross Sales in accordance with our then-current guidelines for calculating Gross Sales. Gross Sales does not include the amount of any tax imposed by any federal, state, municipal or governmental authority directly on sales and collected from customers if such tax is added to the selling price and actually paid by you to such governmental authority. We will require that you provide your profit and loss statements to us on a monthly basis for our review in a manner that we prescribe. If we cease to have access to your Gross Sales via the Computer System (defined in Item 11) and you fail to report your Club's Gross Sales when due, then for each payment calculated based on Gross Sales, we may debit your business account 110% of the average of the last 3 applicable payments we debited. If the amount we debit is more than the amount you actually owe us, we will credit the excess against the amounts we otherwise would debit from your account on the next payment due date. If the amounts that we debit from your business account are less than the amounts you actually owe us (once we have determined your Club's correct Gross Sales), we will debit your business account for the balance on any day we specify.

4. We may, upon 60 days prior written notice to you, change the required Brand Fund Contribution, Local Advertising Expenditure or Local Advertising Cooperative Contribution. However, the combined Brand Fund Contribution, Local Advertising Expenditure and Local Advertising Cooperative Contribution will not at any time exceed the Maximum Advertising Expenditure of 5% of your Gross Sales (as described further in Item 11).

5. You must pay all travel and living expenses (including wages, transportation, food, lodging and workers' compensation) incurred by you and your personnel incur during any and all meetings and/or training courses and programs. You must also pay all travel and living expenses (including transportation, food, and lodging) incurred by any of our trainers or staff we send to your Club to provide training courses or programs.

**Item 7.**

**ESTIMATED INITIAL INVESTMENT**

**YOUR ESTIMATED INITIAL INVESTMENT  
(AREA DEVELOPMENT AGREEMENT)**

TYPE OF EXPENDITURE	AMOUNT		METHOD OF PAYMENT <sup>1</sup>	WHEN DUE	TO WHOM PAYMENT IS TO BE MADE
	Low	High			
Development Fee <sup>2</sup>	\$52,500	\$52,500	Lump sum	See Note 2	Us
Professional Fees <sup>3</sup>	\$1,000	\$5,000	As incurred	Before you sign your Area Development Agreement	Third-Party Suppliers

TYPE OF EXPENDITURE	AMOUNT		METHOD OF PAYMENT <sup>1</sup>	WHEN DUE	TO WHOM PAYMENT IS TO BE MADE
	Low	High			
Additional Funds – 3 months <sup>4</sup>	\$0	\$1,000	As incurred	As incurred	Third-Party Suppliers
<b>TOTAL ESTIMATED INITIAL INVESTMENT <sup>5, 6</sup></b>	<b>\$53,500</b>	<b>\$58,500</b>			

Explanatory Notes

1. Except as otherwise provided, none of the amounts payable to us or our affiliates in this table are refundable under any circumstances. All amounts payable to third parties will be paid under the terms of your agreement with these respective third parties.
2. As described in Item 5, your Development Fee will depend on the number of Clubs you agree to develop under your Area Development Agreement. The Development Fee will be 50% of the Initial Franchise Fee per Club paid on the date you sign your Area Development Agreement. The full amount of the Development Fee per Club will be credited towards the Initial Franchise Fee due for that Club. The Development Fee estimate provided above is for our current minimum 3 Club commitment.
3. We recommend that you consult with an attorney and accountant to advise you in connection with forming an entity to act as the area developer, acquiring the area development rights from us, and developing a business plan for development of Clubs. However, the amount of professional fees you incur, will depend on the number of representatives you engage, the experience and sophistication of those representatives, and the geographic market in which you operate. This estimate does not include professional fees you may incur in hiring business consultants or other representatives to assist you.
4. This estimate includes the cost of certain office supplies and other miscellaneous expenses. The figures shown above are based on the experience of our affiliates in the recreational activity industry.
5. As described further in Item 1, for each Club that you develop under the terms of an Area Development Agreement, you must execute an individual Franchise Agreement, and incur the costs associated with developing a Club under the terms of that Franchise Agreement. The estimate provided above does not include an estimate of any costs incurred under the terms of any individual Franchise Agreement. Our current estimated initial investment for the development of a single Club is below.
6. The estimated initial investment figures provided in this chart assume that you (or your Principal Owner) are not paid any salary or wages, and do not include an estimate of such amounts or any other associated payroll costs for you (or your Principal Owner). We do not offer financing directly or indirectly for any part of the initial investment.

**YOUR ESTIMATED INITIAL INVESTMENT  
(FRANCHISE AGREEMENT)**

TYPE OF EXPENDITURE	AMOUNT		METHOD OF PAYMENT <sup>1</sup>	WHEN DUE	TO WHOM PAYMENT IS TO BE MADE
	Low	High			
<b>Initial Fees:</b>					
Initial Franchise Fee	\$45,000	\$45,000	Lump sum	At signing of Franchise Agreement	Us
<b>Subtotal:</b>	<b>\$45,000</b>	<b>\$45,000</b>			
<b>Development Expenses:</b>					
Architect and Design Plans <sup>3</sup>	\$35,000	\$75,000	As incurred	Before you open your Club	Third-Party Suppliers
License and Permits <sup>4</sup>	\$25,000	\$50,000	As incurred	Before you open your Club	Government Agencies
Leasehold Improvements <sup>5</sup>	\$350,000	\$475,000	As incurred	Before you open your Club	Third-Party Suppliers
Court Finishing & Netting <sup>6</sup>	\$100,000	\$150,000	As incurred	Before you open your Club	Third-Party Suppliers
Kitchen & Bar Equipment <sup>7</sup>	\$175,000	\$225,000	As incurred	Before you open your Club	Third-Party Suppliers
Social Gaming <sup>8</sup>	\$100,000	\$150,000	As incurred	Before you open your Club	Third-Party Suppliers
Optional Equipment <sup>9</sup>	\$0	\$100,000	As incurred	Before you open your Club	Third-Party Suppliers
Computer System <sup>10</sup>	\$25,000	\$50,000	As incurred	Before you open your Club	Third-Party Suppliers
Telephone/Security and Sound Systems <sup>11</sup>	\$25,000	\$35,000	As incurred	Before you open your Club	Third-Party Suppliers
Music Player System/Television <sup>12</sup>	\$90,000	\$115,000	As incurred	Before you open your Club	Third-Party Suppliers
Furniture, Fixtures, and Other Equipment <sup>13</sup>	\$50,000	\$75,000	As incurred	Before you open your Club	Third-Party Suppliers
Signage <sup>14</sup>	\$35,000	\$50,000	As incurred	Before you open your Club	Third-Party Suppliers
<b>Subtotal:</b>	<b>\$1,010,000</b>	<b>\$1,550,000</b>			

TYPE OF EXPENDITURE	AMOUNT		METHOD OF PAYMENT <sup>1</sup>	WHEN DUE	TO WHOM PAYMENT IS TO BE MADE
	Low	High			
<b>Operating Expenses:</b>					
Real Estate Costs – 3 Month’s Rent <sup>2</sup>	\$75,000	\$125,000	As incurred	Before you open your Club	Landlord
Opening Inventory <sup>15</sup>	\$25,000	\$35,000	As incurred	Before you open your Club	Third-Party Suppliers
Insurance <sup>16</sup>	\$10,000	\$30,000	As incurred	Before you open your Club	Insurance Companies
Management Training & Materials <sup>17</sup>	\$10,000	\$15,000	As incurred	Before you open your Club	Third-Party Suppliers
Crew Training & Materials <sup>18</sup>	\$10,000	\$15,000	As incurred	Before you open your Club	Third-Party Suppliers
Crew Uniforms <sup>19</sup>	\$5,000	\$7,500	As incurred	Before you open your Club	Third-Party Suppliers
Professional Fees <sup>20</sup>	\$5,000	\$20,000	As incurred	Before you open your Club	Third-Party Suppliers
Pre-Grand Opening Advertising <sup>21</sup>	\$25,000	\$35,000	As incurred	Before you open your Club	Third-Party Suppliers
Additional Funds – 3 months <sup>22</sup>	\$150,000	\$150,000	As incurred	As incurred	Third-Party Suppliers
<b>Subtotal:</b>	<b>\$315,000</b>	<b>\$432,500</b>			
<b>TOTAL ESTIMATED INITIAL INVESTMENT <sup>23</sup></b>	<b>\$1,370,000</b>	<b>\$2,027,500</b>			

Explanatory Notes

1. Except as otherwise provided, none of the amounts payable to us or our affiliates in this table are refundable under any circumstances. All amounts payable to third parties will be paid under the terms of your agreement with these respective third parties.

2. The cost of leasing or acquiring your Premises will depend upon the market in which the proposed site is located. The range above reflects our estimate of the triple-net real estate costs for the lease of a typical site that we would accept. You should carefully investigate such costs in your market area. A suitable space for a Club will be approximately 20,000 to 30,000 square feet. Local market conditions, changes in the economy and inflation will also contribute to your occupancy costs. The location of the parcel of real property, its relationship to and the nature of any adjoining uses, and its accessibility will affect both its size and price. We must accept your Premises and any Lease (as defined in Item 11) that you wish to sign to secure the Premises. You may also incur other costs and expenses,



which we cannot predict, under the terms of your Lease with the landlord of the Premises. Lease agreements vary but usually require the lessee to pay (in addition to rent) for maintenance, insurance, taxes and any other charges or expenses for the land and building or they may require that the lessee reimburse the lessor for its proportionate share of these payments (plus interest).

3. We will provide you our system standards for a Club, but you must obtain and submit to us for approval detailed construction plans and specifications and space plans for your Club, at your own cost, for our acceptance. You must use a vendor we approve or designate (which may be us or our affiliates) for design, engineering, construction management and purchasing services in connection with the development of your Club. The amount of fees you incur, will depend on design, layout and specifications of your Premises and the geographic market in which you operate.

4. You must obtain certain business, health, and various other licenses or permits for the operation of your Club, as applicable. The costs of these licenses and permits will depend on the location of your Club. In particular, the cost to obtain a license to serve alcohol will depend on the licensing authority involved and the local alcohol license resale market, if any. The cost of obtaining a license for the sale of beer and wine is included in our estimate.

5. The cost of your leasehold improvements will depend on a number of factors, including the condition and size of your Premises and your geographic market. We have assumed for our estimate above that your Premises are approximately 20,000 sq ft, and that it was previously operated as a recreational or retail facility, including that it has existing plumbing, HVAC, lighting, and similar systems. The estimate also assumes that the Premises is in good condition structurally and mechanically. Depending on the terms you negotiate with your landlord, the landlord may contribute to your leasehold improvements, and your costs will vary based on the level of contribution of the landlord.

6. The cost of finishing and netting your courts will depend on the size of your Club, number of pickleball courts, conditions of premises and flooring, and the cost of supplies in your area.

7. The cost for kitchen equipment and smallwares is dependent on brand(s) purchased, and can also be impacted by a number of other factors, including size, location and condition of the Premises. Pricing in materials, labor and code-related costs may also be impacted by the location, size, layout, and other factors, such as the brands and quality of materials. Our estimate above includes the purchase of reach-in coolers, a minimum of two TurboChef rapid cook ovens, a conveyor toaster, sinks, wells, and other kitchen equipment and smallware used in a commercial kitchen. The estimate does not include the cost of a walk-in refrigerator, commercial fryer, or hoods.

8. This is the estimated cost of buying the equipment and supplies for setting up a social games at your Club, which are any games played by a group of guests, other than pickleball, and could include a mixture of billiards, shuffleboard, darts, cornhole, and/or table tennis. Although it is mandatory that you offer social games at your Club, the number and type of social games at your Club will depend on the location and specifications of your Premises. We must approve all social games you will offer and the layout of those games at your Club. The costs above can also be impacted by the contract and prices you negotiate with your suppliers, and local freight and installation costs.

9. You may wish to install additional equipment and games for your guests, which are not mandated by us, though we must still approve any additional activities before they are installed. The types of equipment you wish to install will depend on your selections, the layout of your Premises, the cost of

suppliers and freight in your area. Our estimate above includes a low-end estimate of \$0 because you may elect not to purchase any optional equipment packages, and a high-end estimate based on installation of one or more additional games, such as golf simulation, and/or virtual and augmented reality.

10. The cost of your Computer System will depend on whether you already own any components that must be purchased, freight and installation costs, the cost of internet and connectivity services in your area, applicable state and local taxes and other factors.

11. This estimate includes telephone systems, security systems and sound systems. The high end of this estimate includes high-definition cameras for your security system and a proper storage system. The cost of this equipment will depend on the local market conditions, the size of your Club, and other factors.

12. This estimate includes the music player package and television systems. The cost of this equipment will depend on the local market conditions, the size of your Club, and other factors.

13. This estimate includes furniture, office equipment, and miscellaneous similar equipment. The cost of furniture and equipment will depend on the brands purchased, local market conditions, the size of your Club and other factors.

14. You will need indoor and outdoor signage for your Club. The cost of your signage will depend on several factors, including the size of your Club, the complexity of your building, as well as local ordinances and regulations as well as landlord restrictions and requirements for signage.

15. The cost to purchase the initial inventory will depend on the local market conditions, the size of your Club, and other factors. Initial inventory includes pickleball paddles, pickleball balls, apparel, food and beverage supplies, and other similar supplies and products.

16. You must obtain and maintain certain types and amounts of insurance. Insurance costs depend on policy limits, types of policies, nature and value of physical assets, Gross Sales, number of employees, wages paid, square footage, location, business contents, and other factors bearing on risk exposure. Insurance providers may require either an annual payment or semi-annual installments. Your insurance costs will depend on the location of the Club, the specifications of the Premises, the number of employees you hire and your own background. You should review the rates in the state in which your Club will operate for an estimate of premiums. The amounts listed above estimate the cost of your premiums for the first 3 months of operations.

17. You must pay for the transportation, food, lodging, and other expenses that you and your Key Personnel will incur when they attend the Management Training Program. These expenses may vary based on the distance traveled and the standard of living your attendees desire while attending the Management Training Program. You may also request that we provide any portion of the Management Training Program on-site at your Club, but we are not required to grant your request. If you request (and we elect to provide) any portion of the Management Training Program on-site at your Club, you must pay our then-current on-site training fee (currently, \$400 per day per trainer, plus expenses) to provide such on-site assistance. The figure provided above assumes that we are not providing any portion of the Management Training Program on-site.

18. You are responsible for ensuring all of your employees and personnel are appropriately trained to operate a Club. The amount that you spend on pre-opening employee training will vary based on the location of the Club, the specifications of the Premises, and the number of employees you hire.

19. You are responsible for outfitting your employees in uniforms that meet our System Standards. The amount that you spend on uniforms will depend based on the location of the Club and the number of employees you hire.

20. We recommend that you consult with an attorney and accountant to advise you in connection with forming a franchisee entity, entering into a franchise relationship with us, developing a business plan for your operation of the Club. However, the amount of professional fees you incur will depend on the number of representatives you engage, the experience and sophistication of those representatives, and the geographic market in which you operate. This estimate does not include professional fees you may incur in hiring business consultants, general contractors, or other representatives to assist you.

21. The Franchise Agreement requires you to spend at least \$25,000 for grand opening marketing program for your Club to take place on the dates we designate before and after your Club opens. You must spend this amount in addition to all other amounts you must spend on advertising specified in your Franchise Agreement. However, you may elect to spend more than the minimum amount on your grand opening marketing program. The amount you spend will depend on several factors, including the local market conditions and the amount of competition in your area, and other factors.

22. This item estimates your initial start-up expenses (other than the items identified separately in the table) for your Club's first three months of operation, including miscellaneous supplies and equipment, payroll costs, petty cash, and other miscellaneous costs. The estimated initial investment figures provided in this chart assume that you are operating the Club as its Principal Owner. This estimate does not include any estimate for salary or payroll costs for you (or your Principal Owner). The estimated funds shown above for constructing and opening a Club are based on our affiliates experience in the recreational activity industry generally.

23. None of the amounts above include any applicable taxes. We do not offer financing directly or indirectly for any part of the initial investment. The availability and terms of financing depend on many factors, including the availability of financing generally, your creditworthiness and collateral, and lending policies of financial institutions from which you request a loan.

## **Item 8.**

### **RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES**

#### **Specifications for Products, Services and Suppliers**

We have developed or may develop standards and specifications for types, models and brands of required fixtures, furniture, equipment, components of the Computer System, furnishings, and signs, and other products, materials, supplies and services to be used at the Club (collectively, the "Operating Assets"). We may require that you purchase and use only the products and services meeting our System Standards for Operating Assets. We may also require that you purchase the Operating Assets only from suppliers that we have designated or approved (or that otherwise meet our System Standards). We may designate certain suppliers as the exclusive supplier of certain Operating Assets. We or our affiliates may

be an exclusive or approved supplier of certain Operating Assets, or otherwise be a party to these transactions.

We may condition our approval of a product or supplier on requirements relating to product quality, prices, consistency, reliability, financial capability, labor relations, customer relations, frequency of delivery, concentration of purchases, standards of service or other criteria. We may elect not to issue to you or any of our approved suppliers (except as we deem necessary for purposes of production) these standards and specifications. Our standards and specifications for products and services and criteria for suppliers are not currently issued to franchisees or approved suppliers.

If you would like us to consider approving a vendor that is not an approved vendor, you must submit your request in writing before purchasing any items or services from that vendor. We will make all determinations about whether to approve an alternative vendor based on our then-current criteria, which may change periodically. Currently, we estimate that we will provide notice of our decision to approve or disapprove an alternative supplier within 30 days of receiving the request. We may also refuse to consider and/or approve any proposed alternative vendor for any reason whatsoever. We may charge you a fee if you ask us to evaluate any proposed alternative vendors (currently, our direct out costs). We may, with or without cause, revoke our approval of any vendor at any time with notice to you.

Currently, you must purchase (i) point-of sale terminals and software, membership software, reservation software, food and beverage supplies, pickleball equipment and supplies, social gaming equipment, flooring (including court finishing and artificial grass) and insurance from our designated exclusive suppliers of such products and services, and (ii) furniture, fixtures, equipment, apparel, signage, and site selection, design, and construction services from suppliers that we have approved. We may add, remove, and/or otherwise modify our designated and approved suppliers at any time. Neither we nor our affiliates are suppliers of any required products or services, though we may be in the future. Additionally, we may occasionally pay any of our designated or approved suppliers for products and services they provide to you on your behalf, and you must reimburse us for such amounts. Neither we nor our affiliates derived any revenue in our prior fiscal year from the sale of products or services to franchisees.

Collectively, the purchases you obtain according to our specifications or from approved or designated suppliers represent approximately 80% to 90% of your total purchases to establish your Club and 85% to 90% of your total purchases to operate your Club.

## **Insurance**

In addition to the purchases or leases described above, you must also obtain and maintain the minimum insurance coverage that we periodically require under the Brand Standards Manual, at your own expense and from carriers who maintain a Best's Financial Strength rating of "A/VIII" or above. Currently, we require the following types of minimum coverage: (i) General Liability Insurance with minimum coverage of \$1,000,000.00 per occurrence and \$2,000,000.00 in the aggregate; (ii) Excess Liability Insurance with minimum coverage of \$1,000,000.00 in the aggregate; (iii) Workman's Compensation as required by state statute; (iv) Business Interruption Insurance; and (v) liquor liability with minimum coverage of \$1,000,000.00 per occurrence and \$2,000,000.00 in the aggregate. We may require that you obtain all or a portion of your insurance policies from a designated supplier, though we do not currently do so. We may periodically increase the amounts of coverage required under these insurance policies and/or require different or additional insurance coverages (including reasonable excess liability insurance) at any time to reflect inflation, identification of new risks, changes in law or standards of liability, higher damage awards or other relevant changes in circumstances. Each insurance policy for

liability coverage must name us and any affiliates we designate as additional named insureds, using a form of endorsement that we have approved, and provide for 30 days' prior written notice to us before the cancellation or material change of the policy. Each insurance policy must contain a waiver of all subrogation rights against us, our affiliates and their successors and assigns. You must furnish us copies of your certificates of insurance or other evidence of your maintaining this insurance coverage and paying premiums. If you fail or refuse to obtain and maintain the insurance we specify, in addition to our other remedies including termination, we may (but are not required to) obtain such insurance for you and your Club on your behalf, in which event you must cooperate with us and reimburse us on demand for all premiums, costs and expenses we incur in obtaining and maintaining the insurance, plus a reasonable fee.

**Purchase Agreements, Material Benefits and Revenue**

We have negotiated purchase arrangements, including price terms, for the benefit of franchisees with manufacturers and suppliers of point-of sale terminals and software, membership software, reservation software, food and beverage supplies, pickleball equipment and supplies, social gaming equipment, flooring (including court finishing and artificial grass) and insurance. You may be required to purchase certain items at a price or on other terms we have negotiated in advance. We do not currently provide material benefits to franchisees for purchasing particular products or services or using particular suppliers.

We and/or our affiliates may derive revenue in the form of rebates, vendor promotions, or other consideration from suppliers based on your purchases and leases, though currently neither we nor our affiliates do so. In our most recently completed fiscal year, neither we nor our affiliates received any consideration from suppliers based on franchisees' purchase of required goods and services.

As of the issuance date of this Disclosure Document, none of our officers owns any interest in any of the approved suppliers, other than an interest in us and our affiliates disclosed in Item 1. As of the issuance date of this Disclosure Document, we have not established purchasing or distribution cooperatives.

**Item 9.**

**FRANCHISEE'S OBLIGATIONS**

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

OBLIGATION	SECTION IN AGREEMENTS	DISCLOSURE DOCUMENT ITEM
(a) Site selection and acquisition/lease	Sections 2A and 2B in Franchise Agreement Section 2 in Area Development Agreement	Item 11
(b) Pre-opening purchases/leases	Sections 2B and 6B in Franchise Agreement	Item 5, 7, 8 and 11

OBLIGATION	SECTION IN AGREEMENTS	DISCLOSURE DOCUMENT ITEM
(c) Site development and other pre-opening requirements	Section 2 in Franchise Agreement Section 2 in Area Development Agreement	Items 7, 8, and 11
(d) Initial and ongoing training	Sections 4A, 4B and 4C in Franchise Agreement	Items 6, 7, and 11
(e) Opening	Sections 2C in Franchise Agreement	Item 11
(f) Fees	Section 3 in Franchise Agreement Section 3 in Area Development Agreement	Items 5, 6, 7 and 11
(g) Compliance with standards and policies/ operating manual	Sections 4C, 4D and 7 in Franchise Agreement	Items 8, 11 and 16
(h) Trademarks and proprietary information	Sections 5 and 11 in Franchise Agreement Section 4 in Area Development Agreement	Items 13 and 14
(i) Restrictions on products/services offered	Sections 7C and 7D in Franchise Agreement	Items 8, 11, 12, and 16
(j) Warranty and customer service requirements	Section 7E in Franchise Agreement	Item 11
(k) Territorial development and sales quotas	Section 2A in Area Development Agreement	Item 1
(l) On-going product/service purchases	Sections 6B, 6C, 7C and 7D in Franchise Agreement	Items 6 and 8
(m) Maintenance, appearance and remodeling requirements	Sections 6A and 7B in Franchise Agreement	Items 6, 8, 11 and 17
(n) Insurance	Section 7H in Franchise Agreement	Items 7 and 8
(o) Advertising	Section 8 in Franchise Agreement	Items 6, 7, 8, and 11
(p) Indemnification	Sections 5F and 17D in Franchise Agreement Sections 9D in Area Development Agreement	Item 6
(q) Owner's participation/ management/staffing	Sections 1C and 7A in Franchise Agreement Section 1E in Area Development Agreement	Items 11 and 15

OBLIGATION	SECTION IN AGREEMENTS	DISCLOSURE DOCUMENT ITEM
(r) Records and reports	Section 9 in Franchise Agreement Section 2D in Area Development Agreement	Item 6
(s) Inspections and audits	Section 10 in Franchise Agreement	Items 6 and 11
(t) Transfer	Section 13 in Franchise Agreement Section 6 in Area Development Agreement	Item 17
(u) Renewal	Sections 7B and 14 in Franchise Agreement	Item 17
(v) Post-termination obligations	Section 16 in Franchise Agreement Section 8 in Area Development Agreement	Item 17
(w) Non-competition covenants	Sections 12 and 16F in Franchise Agreement Sections 8B in Area Development Agreement	Item 17
(x) Dispute resolution	Section 18 in Franchise Agreement Section 10 in Area Development Agreement	Item 17

**Item 10.**

**FINANCING**

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

**Item 11.**

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

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

**Assistance to Begin Operation of a Club**

Before you begin operation of your Club, we or our designees will:

1. Provide the Management Training Program to your Key Personnel. (Franchise Agreement – Section 4A)
2. Make our Brand Standards Manual available to you. (Franchise Agreement – Section 4D)

3. Review and either accept or reject a proposed site for your Club. (Franchise Agreement – Section 2A; Area Development Agreement – Section 2B)
4. Review and either approve or disapprove your Lease. (Franchise Agreement – Section 2B)
5. Provide you then-current prototypical plans showing the standard layout and placement specifications for all required Operating Assets. We do not directly provide, deliver, or install any equipment, signs, fixtures, opening inventory, and supplies for our franchisees. (Franchise Agreement – Sections 2C)
6. Review your proposed development and construction plans and specifications (including, any revisions to such plans and specifications) for your Club and approve or disapprove such plans and specifications. (Franchise Agreement – Section 2C)
7. Provide on-site advice, guidance, and initial operations support in connection with the opening of your first Club for 4 to 6 days prior to your Opening Date (as defined below) and for 2 days after your Opening Date. (Franchise Agreement – Section 4B)
8. Review and either approve or disapprove your Club to open for business and use by customers. (Franchise Agreement – Section 2C)

### **Site Selection**

If you have not yet located a site for the Premises when you sign your Franchise Agreement, then you must select a suitable site for your Premises and obtain our acceptance of that site as your Premises. We will identify a site selection area in your Franchise Agreement, and unless you have our prior written approval you will not be permitted to search for a proposed site outside of that site selection. Neither we nor our affiliates generally own the sites for Clubs and lease those sites to franchisees. Currently, we require you to use an approved supplier of site selection services to assist you in finding a suitable site. We must accept the site of your Club before you sign any Lease (defined below) and before that site will be deemed your Premises under the Franchise Agreement. You must send us all of the information we require for the proposed site.

If you have signed an Area Development Agreement, you must give us all information we request to assess any site that you propose to develop a Club, including your financial and operational ability to develop and operate a Club at that site, and any letter of intent or other information about the proposed lease or acquisition of the real property of that site. You must obtain our approval of the site for the proposed Club before you sign a Franchise Agreement for that Club.

We will make all determinations about whether to accept a site based on our then-current criteria, which may change periodically. Currently, we estimate that we would provide notice of our decision to accept or reject a proposed site within 30 days of receiving the request. The criteria we use to evaluate the selected site include visibility, size, layout, adjacent uses, parking, demographics, local competition, and other factors we determine periodically.

### **Lease of Premises**

After you obtain our acceptance of a site for your Premises, you must execute a lease, sublease, or other document that we approve to secure its possession (the “Lease”). The Lease must contain certain



provisions we require, including collateral assignment of lease, under the form of lease rider attached as Exhibit D to the Franchise Agreement (“Lease Rider”). It is your sole responsibility to obtain a fully-executed Lease Rider in connection with executing your Lease. We may reject any request for modifications to the Lease Rider for any reason. You must obtain our acceptance of a site that will be the Premises of your Club, secure possession of that site under the terms of a Lease we have approved, and deliver executed copies of that approved Lease and the Lease Rider, each within 180 days after you sign your Franchise Agreement, otherwise we may terminate your Franchise Agreement.

### **Opening Requirements**

We estimate that you will begin operating your Club by the earlier of: (i) 180 days after the Lease is executed, or (ii) 270 days from the date you sign your Franchise Agreement. We may terminate the Franchise Agreement and retain your Initial Franchise Fee if you fail to open your Club by the preceding deadlines. The date that you open your Club for business (your “Opening Date”) will depend on when your Key Personnel complete the Management Training Program, secure an accepted site and lease, secure approval of design plans, acquire the required insurance policies, install all Operating Assets, and meet all of our other criteria to begin operating a Club to our satisfaction.

### **Assistance During the Operation of Your Club**

During your operation of your Club, we or our designees will:

1. Provide you additional training if you request such training, subject to availability and scheduling, and subject to your payment of our then-current training fee (currently, \$400 per trainer per day , plus expenses). (Franchise Agreement – Section 4A)
2. Advise you regarding your Club’s operation based on your reports or our inspections. (Franchise Agreement – Section 4C)
3. Continue to make our Brand Standards Manual available to you. (Franchise Agreement – Section 4D)
4. Let you use our Marks and certain copyrighted and copyrightable materials. (Franchise Agreement – Section 5)
5. Administer the Brand Fund until such time as it may be terminated. (Franchise Agreement – Section 8C)
6. We may periodically set a maximum or minimum price that you may charge for products and services offered by your Club. We may also require you to comply with an advertising policy which will prohibit you from advertising any price for a product or service that is different than our suggested retail price. (Franchise Agreement – Section 7J)

### **Brand Standards Manual.**

We will make our System Standards and other suggested specifications, standards and procedures, and information for the operation of Clubs available to you during the term of the Franchise Agreement, which may include one or more separate manuals, as well as electronic files and software, information available on an internet site, and other media, bulletins and/or other written materials (collectively, the

“Brand Standards Manual”). We may modify the Brand Standards Manual periodically, including changes in System Standards. The current table of contents of the Brand Standards Manual is attached to this Disclosure Document as Exhibit C. There are currently 68 pages in our Brand Standards Manual.

### **Advertising and Promotion.**

Grand Opening Advertising. You must spend at least \$25,000 for a grand opening marketing program for your Club to take place on the dates we designate before and after your Club opens. You must spend this amount in addition to all other amounts you must spend on advertising specified in the Franchise Agreement. The amount you spend on grand opening advertising will not count towards your Local Advertising Expenditure (defined below) or your Maximum Advertising Expenditure (defined below). You must use the media, materials, programs and strategies we develop or approve in connection with the grand opening advertising program.

Brand Fund. We have established and will administer a brand promotion fund (the “Brand Fund”) to administer certain advertising, marketing, and public relations programs for “The Pickle Pad™” system and brand and the promotion of Clubs. You must contribute to the Brand Fund the amount that we determine (the “Brand Fund Contribution”) (currently, 2% of your Club’s Gross Sales). The amount of the Brand Fund Contribution is subject to change, though the amount of your Brand Fund Contribution, together with your Local Advertising Cooperative Contribution and your Local Advertising Expenditure will not collectively exceed your Maximum Advertising Expenditure.

The purpose of the Brand Fund is to promote the Marks, the System, the brand, and Clubs generally, and you may not benefit in proportion to your Brand Fund Contribution. We are not required to spend any specific amount on advertising in your geographic area. We expect Clubs operated by us and our affiliates to contribute to the Brand Fund on the basis as franchisees. Certain franchisees may contribute to the Brand Fund in different amounts than described in this Disclosure Document, or may not contribute to the Brand Fund at all, on the basis of prior Franchise Agreements with us and/or negotiated terms.

We will have exclusive control over all programs and services administered by the Brand Fund, including all creative concepts, materials, and campaigns and their geographic market, media placement and allocation. The Brand Fund may pay for preparing and producing video, audio, and written materials and electronic media; developing, implementing, and maintaining any Online Presences or other software or applications; administering advertising and marketing campaigns; administering regional and multi-regional marketing and advertising programs; using advertising, promotion, and marketing agencies and other advisors to provide assistance; supporting public relations, market research, and other advertising, promotion, and marketing strategy or implementation activities; and/or any other expenditures that are directly or indirectly related to promoting the Marks, the System, the brand, and/or Clubs. The Brand Fund may pay for its administrative and overhead costs, including the reasonable salaries and benefits of personnel who manage and administer the Brand Fund, and any other expenses that we or our affiliates incur that are related to administering or directing the Brand Fund and its programs. We may also elect to use (but will not have the obligation to use) the Brand Fund to pay for or reimburse franchisees for costs they may incur for promoting their Clubs and/or complying with updated branding guidelines. We may modify Brand Fund programs, services, or expenditures at any time.

We will account for the Brand Fund separately from our other funds, but neither we nor any of our affiliates has any fiduciary obligation to you or any other person for administering the Brand Fund or for any other reason. The Brand Fund may spend in any fiscal year more or less than the total Brand Fund

Contributions in that year, borrow from us or others (paying reasonable interest) to cover deficits, or invest any surplus for future use. We will prepare an annual, unaudited statement of Brand Fund collections and expenses and give you the statement on written request, within 120 days after the end of each fiscal year, but not less than 30 days' notice from you of such request. We may have the Brand Fund audited annually, at the Brand Fund's expense. We may also administer the Brand Fund through a separate entity, and such entity will have all of the rights and duties specified here.

We have the right, but no obligation, to use collection agents and institute legal proceedings to collect Brand Fund Contributions at the Brand Fund's expense. We may also forgive, waive, settle, and compromise all claims by or against the Brand Fund as we determine.

We may at any time, on 30 days' prior written notice to you, reduce or suspend Brand Fund Contributions and/or operations of the Brand Fund for any length and terminate (and, if terminated, reinstate) the Brand Fund and associated Brand Fund Contributions. If we terminate the Brand Fund, we will spend the remaining balance until such amounts are exhausted. We may elect to maintain multiple Brand Funds, whether determined by geographic region, country, or otherwise, or consolidate or merge multiple Brand Funds or the administration thereof, in each case provided that each such Brand Fund will otherwise remain subject to the terms of your Franchise Agreement.

In our most recently ended fiscal year, we did not collect any Brand Fund Contributions, and no amounts were spent on production, media placement, administrative expenses, or soliciting new franchise sales.

Local Advertising. You are solely responsible for conducting all local advertising for your Club. You must advertise and market your Club in any advertising medium we determine, using forms of advertisement we approve. You must also list your Club with the online directories and subscriptions we periodically prescribe, and/or establish any other Online Presence (as defined in Item 13) we require. You must comply with all of our System Standards for your advertising, including any Online Presences.

You must spend an amount that we designate to advertise and promote your Club (the "Local Advertising Expenditure"). We may change the amount of your Local Advertising Expenditure periodically, subject to your Maximum Advertising Expenditure. We will determine what type of expenditure will count towards your Local Advertising Expenditure. Indirect costs you incur in managing your local advertising campaigns, such as salaries and benefits of employees administering the campaigns, will not be counted towards your Local Advertising Expenditure. Additionally, any costs you incur for advertising conducted at the Premises, such as in-store materials and signage, will not be counted towards your Local Advertising Expenditure. At our request, you must send us, in the manner we prescribe, an accounting of your Local Advertising Expenditures during the preceding months.

We may require you to pay part or all of the Local Advertising Expenditure to us or our designee. If we exercise this option, we will contribute the amount you pay us to the Brand Fund. We may at any time, on one or more occasions, cease collecting all or part of the Local Advertising Expenditure or change the proportion of the Local Advertising Expenditure that you must pay us or our designees.

Your advertising, promotion, and marketing must be completely clear, factual, and not misleading and conform to the highest standards of ethical advertising, the System Standards, and any marketing and the advertising and marketing policies that we prescribe. At least 30 days before you intend to use them, you must send us samples of all advertising, promotional and marketing materials that we have previously not approved. If we do not approve of the materials within 14 days of our receipt of such materials, then

they shall be deemed disapproved. You may not use any advertising, promotional, or marketing materials that we have not approved or have disapproved.

Local Advertising Cooperative. We or our affiliates or designees may establish or direct the establishment of a local advertising cooperative (“Local Advertising Cooperative”) in geographical areas (as determined by us) in which 2 or more Clubs are operating. The Local Advertising Cooperative will be organized and governed by written documents in a form and manner, and begin operating on a date, that we determine in advance. We will approve all terms and conditions for the operation and administration of the Local Advertising Cooperative at the time it is established. We may change, dissolve, merge and reinstate any Local Advertising Cooperatives. Each Local Advertising Cooperative’s purpose is to administer advertising programs and develop advertising, marketing and promotional materials for the area that the Local Advertising Cooperative covers, in accordance with our System Standards.

If we have established a Local Advertising Cooperative for the geographic area in which your Club is located, as of the time you sign the Franchise Agreement, or if we establish a Local Advertising Cooperative in that area during the term of the Franchise Agreement, you must sign the documents we require to become a member of the Local Advertising Cooperative and to participate in the Local Advertising Cooperative as we require, including by contributing your share to such Local Advertising Cooperative (“Local Advertising Cooperative Contribution”). The amount of your Local Advertising Cooperative Contribution will be determined when the Local Advertising Cooperative is established, subject to your Maximum Advertising Expenditure.

The Local Advertising Cooperative Contributions will be accounted for separately by us from our other funds and will not be used to defray any of our general operating expenses. You must submit to us and the Local Advertising Cooperative any reports that we require.

Your Club might not benefit directly or in proportion to its Local Advertising Cooperative Contribution. Local Advertising Cooperatives for Clubs will be developed separately, and no Local Advertising Cooperative will be intended to benefit the others. We will have the right, but not the obligation, to use collection agents and to institute legal proceedings to collect a Local Advertising Cooperative Contributions on behalf of and at the expense of the Local Advertising Cooperative and to forgive, waive, settle and compromise all claims by or against the Local Advertising Cooperative. We assume no direct or indirect liability or obligation to you with respect to the maintenance, direction or administration of the Local Advertising Cooperative.

Maximum Advertising Expenditure. The maximum combined Brand Fund Contribution, Local Advertising Expenditure and Local Advertising Cooperative Contribution that we impose will not exceed 5% of your Club’s Gross Sales (the “Maximum Advertising Expenditure”). We may change the amount of the Brand Fund Contribution, Local Advertising Expenditure or Local Advertising Cooperative Contribution with 60 days prior notice to you so long as any change does not result in a combined Brand Fund Contribution, Local Advertising Expenditure and Local Advertising Cooperative Contribution greater than the Maximum Advertising Expenditure.

Franchise System Website. We may establish, acquire, or host any website(s) to advertise, market, and promote Clubs, the products and services that they offer and sell, and/or a Club franchise opportunity (a “Franchise System Website”). We may (but are not required to) provide you with a webpage on a Franchise System Website that references your Club. If we provide you with a webpage on a Franchise System Website, you must: (i) provide us the information and materials we request to develop, update,

and modify your webpage; (ii) notify us whenever any information on your webpage is not accurate; and (iii) if we give you the right to modify your webpage, notify us whenever you change the content of your webpage. We will own all intellectual property and other rights in all Franchise System Websites, including your webpage and all information it contains (including the domain name, any associated email address, any website analytical data, and any personal or business data that visitors supply).

Even if we provide you a webpage on a Franchise System Website, we will only maintain that webpage while you are in full compliance with your Franchise Agreement and all System Standards we implement. If you are in default of any obligation under your Franchise Agreement or our System Standards, then we may temporarily remove your webpage from any Franchise System Website until you fully cure the default. We will permanently remove your webpage from all Franchise System Websites when your Franchise Agreement expires or is terminated.

We may require you to provide notice of any Franchise System Website in the advertising, marketing, and promotional materials that you develop for your Club in the manner we designate. We have the sole and exclusive right to sell the products sold by Clubs through any Online Presence.

We may require you to obtain from us and use an email address associated with our registered domain name. If we require you to obtain and use such an email address, you must do so according to our then-current System Standards. We may charge you a fee for each email address we provide you as part of the Technology Fee (currently, \$250 per month). We will have unrestricted access to and sole ownership of all such email accounts, and all documents, data, materials, and messages shared from or by such accounts. We may deactivate any such account or limit your or your users' access to it at any time.

Except as provided above, or as approved by us in writing or in the Brand Standards Manual, you may not develop, maintain or authorize any Online Presence that mentions your Club, links to any Franchise System Website or displays any of the Marks, or engage in any promotional or similar activities, whether directly or indirectly, through any Online Presence. If we approve the use of any such Online Presence in the operation of your Club, you will develop and maintain such Online Presence only in accordance with our guidelines, including our guidelines for posting any messages or commentary on other third-party websites. We will own the rights to each such Online Presence. At our request, you must grant us independent access to each such Online Presence, and to take whatever action (including signing assignment or other documents) we request to evidence our ownership of such Online Presence, or to help us obtain exclusive rights in such Online Presence.

Advertising Council. We do not currently maintain an advertising council composed of franchisees to advise us on advertising policies.

Third-Party Advertisements. You may not display, promote, or otherwise sell any third-party advertising opportunities, including but not limited to, the sale or display of banners, signage, sponsorships, products, or other forms of third-party promotion, on the Premises of, or otherwise associated with, your Club, without our prior written approval. All such advertising opportunities must conform to our System Standards, and any marketing and the advertising and marketing policies that we prescribe.

## **Computer System**

You must obtain and install the computer hardware, software, and point-of-sale system that we approve for Clubs (collectively, the "Computer System"). We may modify our System Standards for the Computer System periodically, including the designated or approved suppliers for certain components of

the Computer System, and you must update your Computer System to comply with our modified System Standards promptly after you receive notice. There are no contractual limitations on the frequency and cost of this obligation, and we are not required to reimburse you for these costs. Currently, the Computer System is comprised of the following components:

- Toast Software (the Only Approved POS Software)
- Seven Rooms (the Only Approved Reservation and CRM Portal)
- PeopleVine (the Only Approved Membership Portal)
- Toast Tablets (6-8 Tablets)
- Toast Workstations (4-5 Terminals)
- Toast Card Terminals (Same Number as Terminals)
- Cash Drawer (Same Number as Terminals)
- PeopleVine Waiver Stations (2-3 Terminals)
- Associated cables and ancillary components

Except as specified above, you may purchase the components of the Computer System from any vendor of your choosing, and it may be a brand and model that you select as long as it meets our System Standards. We estimate the cost of acquiring and installing the Computer System will be approximately \$25,000 to \$50,000. Currently, we estimate the ongoing cost of maintaining and upgrading the Computer System to be approximately \$2,000 to \$4,000 per year. Additionally, you must pay fees to third-parties for support and services on your Computer System, including: (i) \$2,000 per month for all access and licensing, support services and software updates, and unlimited online transactions for the point-of-sale system software; and (ii) \$250 per month for the Technology Fee you pay us for technology services. Neither we nor our affiliates have any obligation to provide ongoing maintenance, repairs, upgrades, or updates to your Computer System. All maintenance, repair, upgrade and update obligations of the third-party vendors selling or licensing you components of the Computer System will be determined by your contract with that vendor.

You must use the Computer System to maintain certain sales data, customer information and other information. We will have independent access to your Computer System at all times and we will have the right to collect and retain from the Computer System any and all data concerning your Club.

If you become aware of a suspected or actual breach of security or unauthorized access involving your Computer System, you will notify us immediately and specify the extent to which information was compromised or disclosed. You must follow our instructions regarding curative actions and public statements relating to the breach. We may conduct a data security and privacy audit of any of your Club and your Computer Systems at any time.

## **Training**

**Management Training Program.** Prior to opening your Club, we will provide you (or if you are conducting business as an entity, your Principal Owner) and up to 2 additional attendees that we approve (one of which must be your Approved Manager, if applicable) (together, your “Key Personnel”) training in the material aspects of operating a Club (the “Management Training Program”). You may invite additional attendees to the Management Training Program if space allows, subject to our approval, and subject to all attendees participating at once. You must pay our then-current training fee for any additional attendees (currently, \$400 per day per trainer, plus expenses). Your Key Personnel must successfully complete the Management Training Program prior to the Opening Date to our satisfaction.

Currently, we conduct the Management Training Program at a certified training Club that we designate. Scheduling and frequency of the Management Training Program vary based on the availability of our training staff and the number of prospective franchisees attending. Currently, we estimate that you and your Key Personnel will undertake our Management Training Program approximately 6 to 8 weeks prior to your projected Opening Date. We will determine the identity and composition of the trainer(s) conducting all portions of the Management Training Program. We will provide the Management Training Program at the times and locations we determine. We will also determine the length and content of the Management Training Program. We may vary the Management Training Program based on the experience and skill level of the individual(s) attending. Scheduling of the Management Training Program is based on your and our availability, training facility availability and the projected Opening Date for your Club. If any of your Key Personnel fail to successfully complete the Management Training Program to our satisfaction, then we may require such person(s) to attend additional training at a time and location of our choice, and we will charge you our then-current training fee for such additional training (currently, \$400 per day per trainer, plus expenses). If your Key Personnel are unable to successfully complete the Management Training Program to our satisfaction, we may also terminate your Franchise Agreement.

If you appoint a new Approved Manager to supervise your Club at any time, or your Principal Owner changes at any time, he or she must attend the then-current Management Training Program within 30 days of the appointment (currently, \$400 per day per trainer, plus expenses).

**MANAGEMENT TRAINING PROGRAM <sup>1,2,3</sup>**

SUBJECT	HOURS OF CLASSROOM TRAINING	HOURS OF ON-THE-JOB TRAINING	LOCATION FOR ON SITE TRAINING
The Pickle Pad – Social Experience	1	1	Tallahassee FL & Online
Pickleball Basics	1	1	Tallahassee FL & Online
Social Gaming Basics	1	1	Tallahassee FL & Online
Food Operations	2	4	Tallahassee FL & Online
Bar Operations	2	4	Tallahassee FL & Online
Event Execution	2	1	Tallahassee FL & Online
Membership	2	1	Tallahassee FL & Online
Tournaments & Leagues	1	0.5	Tallahassee FL & Online
Marketing	2	1	Tallahassee FL & Online
Hiring & Training of TPP Team	4	4	Tallahassee FL & Online
Safety	3	1.5	Tallahassee FL & Online
Technology, POS, Reservations, Memberships	2	2	Tallahassee FL & Online
Best Practices	1	2	Tallahassee FL & Online
Conclusion	2	2	Tallahassee FL & Online

SUBJECT	HOURS OF CLASSROOM TRAINING	HOURS OF ON-THE-JOB TRAINING	LOCATION FOR ON SITE TRAINING
<b>TOTAL</b>	<b>26</b>	<b>26</b>	

Note 1: The hours devoted to each module are estimates and may vary based on how quickly trainees learn the material, their prior experience with the subject and scheduling. We may vary the length and content of the Management Training Program based upon the experience and skill level of the individuals attending.

Note 2: The training materials used during the Management Training Program will include TPP Academy, the Brand Standards Manual and other manuals and guides we develop from time to time.

Note 3: Robert Morris manages franchisee training for the franchise system. Robert has 4 years of experience with us and our affiliates and 12 years of experience in the subjects taught. Certain other employees may also provide assistance or services to franchisees in connection with the training programs.

Personnel Training: You must ensure that all of your employees and personnel are appropriately trained to operate the Club. We may periodically establish certain minimum requirements for your employee training programs, including minimum safety certifications or programs and/or requiring the Management Training Program for Key Personnel to protect our System and the goodwill of the Marks. Currently, our System Standards include the minimum requirement that all Club personnel complete TPP Academy certification program to ensure they have appropriate safety training and understand certain other critical System Standards. You are responsible for ensuring that all of your personnel complete TPP Academy certification program prior to providing services at your Club.

Additional Training: If you and your Key Personnel complete the Management Training Program to our satisfaction and have not expressly informed us at the end of the Management Training Program that they do not feel sufficiently trained in the operation of a Club, then you and your Key Personnel will be deemed to have been trained sufficiently to operate a Club.

You may periodically request additional training in the operation of a Club. If we agree to provide you additional training, we and you will jointly determine the duration of this additional training, and we may charge you our then-current training fee for such additional training (currently, \$400 per day per trainer, plus expenses). In addition, if we determine that you are not operating your Club in compliance with our System Standards, we may require additional training for your Key Personnel, and we may charge you our then-current training fee for such additional training (currently, \$400 per day per trainer, plus expenses).

We may require you and your Key Personnel attend various franchisee conferences, meetings, trade shows, ongoing education or certification programs, and/or training courses or webinars at the times and locations designated by us, including as provided by third-parties we designate. These events and programs will be held at locations and times we designate. We may charge a fee associated with these events and programs, regardless of actual attendance. Currently, we charge a fee of \$199 per person for our annual franchisee convention, regardless of actual attendance.



Training Costs and Expenses: You must pay all travel and living expenses (including, wages, transportation, food, lodging, and workers' compensation insurance) that you and your personnel incur during any and all meetings and/or training courses and programs of any kind, including the Management Training Program. You are also responsible for the travel and living expenses and out-of-pocket costs we incur in sending our trainer(s) to your Club to conduct training, including food, lodging and transportation.

On-Site New Club Training: We will provide on-site advice, guidance, and initial operations support in connection with the opening of your Club, at no cost to you, for 4-6 days prior to your Opening Date and for 2 days after your Opening Date. The number of days of on-site assistance will be determined by us, and the new Club opening schedule, and may not necessarily be consecutive. We will determine the identity and composition of the training team that we send, and it may be comprised of only one person.

## **Item 12. TERRITORY**

### **Area Development Agreement**

You will not receive an exclusive territory under the Area Development Agreement. You may face competition from other franchisees, from outlets that we own or from other channels of distribution or competitive brands that we control. However, if we wish to offer a franchise for another Club within the geographic area designated in your Area Development Agreement (your "Development Area"), we will first send you a notice of the proposed franchise development, and upon receiving such notice, you will have a right of first refusal to acquire a franchise for such Club (your "Right of First Refusal"), provided that: (a) you notify us that you intend to exercise your Right of First Refusal within 14 days after receiving our notice of the proposed development; (b) you and your affiliates have been in full compliance with all agreements with us or our affiliates; (c) you meet all of our then-current criteria for new franchisees of Clubs, including by having the financial resources to develop and operate the proposed Club; (d) you sign our then-current franchise agreement for such Club and pay any required fees under such franchise agreement within 14 days after receiving our notice of the proposed development (or any later date that we may notify you is required to comply with applicable law); and (e) we have determined that the cost of developing the proposed Club and payment terms under the franchise agreement for that Club will not adversely affect the operation of your existing Clubs. If you do not meet the conditions specified above to exercise your Right of First Refusal, we may grant any other person the right to develop that franchised Club in the Development Area on any terms we approve.

If your Development Area is comprised of one or more specified municipalities, then unless expressly indicated otherwise in your Area Development Agreement, each municipality in your Development Area is intended for the development of one Club. To that effect, after we approve a proposed site for a Club under your Area Development Agreement, and you sign a Franchise Agreement for such Club, such municipality will no longer be part of the Development Area. Rather, all territorial protection for such Club will be governed by the terms of the Franchise Agreement that you execute.

Other than your right to exercise your Development Rights within your Development Area, and your Right of First Refusal described above, you have no territorial protection of any kind, and we and our affiliates retain all rights with respect to the placement and development of Clubs and other businesses using the Marks, the sale of the same, similar or dissimilar products and services, and any other business activities in any manner or in any location whatsoever, including, the right to:

(1) establish and operate, and allow others to establish and operate, other Clubs using the Marks and the System in any location, on such terms and conditions we deem appropriate, subject only to your Right of First Refusal;

(2) establish and operate, and allow others to establish and operate, any other type business, including any business that may offer products and services which are identical to, similar to, or competitive with products and services offered by Clubs, under trade names, trademarks, service marks and commercial symbols other than the Marks in any location;

(3) establish, and allow others to establish businesses and distribution channels other than a Club (including, selling products at retail or through any online presence), wherever located or operating, regardless of the nature or location of the customers with whom such other businesses and distribution channels do business, including businesses that operate under trade names, trademarks, service marks or commercial symbols that are similar to, the same, or competitive with the Marks, and/or that sell products or services that are similar to, the same, or competitive with, those that Clubs customarily sell;

(4) establish and operate, and allow others to establish and operate, any Club, or other business using the Marks and/or the System, and/or offering and selling any of the products or services that are similar to, the same, or competitive with those products or services offered by Clubs, at or through any nontraditional venues, including, temporary or seasonal facilities, outdoor parks or facilities, or business operated within any larger venue or closed market such as a stadium or entertainment center, in any location;

(5) be acquired by or acquire (whether through acquisition of assets, ownership interests or otherwise, regardless of the form of transaction), any other business, including businesses that operate or allow others to establish and operate businesses similar to, the same, or competitive with Clubs, in any location, and in the event of such an acquisition, the acquirer and its affiliates will have the right to continue to establish and operate, and authorize others to establish and operate, such businesses, in any location; and

(6) engage in all other activities not expressly prohibited by the Area Development Agreement.

If you fail to comply with the development schedule specified in your Area Development Agreement, we may terminate your Area Development Agreement. In addition to terminating your Area Development Agreement and asserting any other rights we have under your Area Development Agreement as a result of such failure, we may elect to terminate your Right of First Refusal or reduce the Development Area. Otherwise, continuation of your Right of First Refusal under the Area Development Agreement does not depend on your achieving a certain sales volume, market penetration, or other contingency.

We are not required to pay you if we exercise any of the rights specified in this Item 12.

### **Franchise Agreement**

You will not receive an exclusive territory under the Franchise Agreement. You may face competition from other franchisees, from outlets that we own or from other channels of distribution or competitive brands that we control. However, if you are in full compliance with the terms and conditions of your Franchise Agreement and all other agreements with us and our affiliates, we will not, during the term of

the Franchise Agreement, operate or grant others the right to operate a Club in the geographic area designated in your Franchise Agreement as your “Protected Territory.” If a Protected Territory is not designated in your Franchise Agreement, you have not been awarded any Protected Territory. If we identify a site selection area in your Franchise Agreement, that area is strictly to limit your site selection activities. You will receive no territorial protection of any kind in the site selection area, or any other geographic area, other than your Protected Territory

If you are acquiring a franchise for a newly developed Club, and we have not specified your Protected Territory at the time you execute your Franchise Agreement, we will determine your Protected Territory when the Premises are approved. The designation of the Protected Territory by us depends on various market conditions around the proposed Premises, including density of population, number of competitors in the market, site availability, growth potential and geographic barriers. We typically define the boundaries of your Protected Territory as a circle with your Club as its center and a specific radius ranging from 2.5 to 7.5 miles. We may also define the boundaries of your Protected Territory by political subdivisions (e.g., cities or counties), streets and highways, zip code boundaries, or other similar designations.

Other than your Protected Territory, if any, you have no territorial protection and we and our affiliates retain all rights with respect to the placement of Clubs and other businesses using the Marks, the sale of the same, similar or dissimilar products and services, and any other business activities in any manner or in any location whatsoever, including the right to:

- (1) establish and operate, and allow others to establish and operate, other Clubs using the Marks and the System, at any location outside the Protected Territory, on such terms and conditions we deem appropriate;
- (2) establish and operate, and allow others to establish and operate, any other type of business, including any business that may offer products and services which are identical to, similar to, or competitive with products and services offered by Clubs, under trade names, trademarks, service marks and commercial symbols other than the Marks, in any location;
- (3) establish, and allow others to establish businesses and distribution channels other than a Club (including, selling products at retail or through any Online Presence), wherever located or operating, regardless of the nature or location of the customers with whom such other businesses and distribution channels do business, including businesses that operate under trade names, trademarks, service marks or commercial symbols that are similar to, the same, or competitive with the Marks, and/or that sell products or services that are similar to, the same, or competitive with, those that Clubs customarily sell;
- (4) establish and operate, and allow others to establish and operate, any Club, or other business using the Marks and/or the System, and/or offering and selling any of the products or services that are similar to, the same, or competitive with those products or services offered by Clubs, at or through any nontraditional venues, including, temporary or seasonal facilities, outdoor parks or facilities, or business operated within any larger venue or closed market such as a stadium or entertainment center, in any location;
- (5) be acquired by or acquire (whether through acquisition of assets, ownership interests or otherwise, regardless of the form of transaction), any other business, including

businesses that operate or allow others to establish and operate businesses similar to, the same, or competitive with Clubs, in any location; and in the event of such an acquisition, the acquirer and its affiliates will have the right to continue to establish and operate, and authorize others to establish and operate, such businesses in any location; and

(6) engage in all other activities not expressly prohibited by the Franchise Agreement.

We may offer and sell and grant others the right to offer and sell goods and services to customers located anywhere, including in your Protected Territory. There are no limitations on your ability to solicit customers in any location. However, you may not engage in any promotional or similar activities, whether directly or indirectly, through any Online Presence. You may not sell any Club product or service through any alternative channel of distribution, including any Online Presence.

We are not required to pay you if we exercise any of the rights specified in this Item 12.

You may only operate your Club at the Premises and you may not use your Premises for any operations other than the operation of your Club. You may not relocate your Club to a location other than the Premises without our approval. Our approval will depend on our then-current criteria for relocations, which may change periodically, including the prospects of obtaining a favorable replacement site, the real estate market in your area, your compliance with System Standards, the financial performance of your Club, and other factors we determine.

Provided you are in full compliance with your Franchise Agreement and any other agreement with us and our affiliates, continuation of your territorial protection under the Franchise Agreement does not depend on your achieving a certain sales volume, market penetration, or other contingency.

### **Additional Franchise Rights**

Unless you have signed an Area Development Agreement to develop additional Clubs, we do not grant any rights to obtain additional franchises. If you wish to obtain an additional franchise location, you must enter into a separate Franchise Agreement for that location.

### **Affiliated Brands**


As described further in Item 1, we are under common control with entities that offer other franchised brands. Currently, none of our affiliated brands offer pickleball clubs, but they may offer one or more other products that are also offered by Clubs. For example, restaurants operated under the “Frisch’s Big Boy”, and “The Original Hot Chicken” brands may offer chicken fingers and/or other food and beverage products that are similar to those offered at Clubs. Additionally, facilities operated under the “Altitude Trampoline Park” brand may offer recreational games, sports, or other activities that are similar, the same, and/or competitive with those offered by Clubs, including that both Altitude Trampoline Park businesses and Clubs may offer event and party packages. Our affiliates that offer franchises may operate, grant franchises, or solicit or accept orders, within your Protected Territory or Development Area, as applicable. If a conflict arises between any Club and any business operated or franchised by us or an affiliate of ours, we will analyze the conflict and take any action or no action as we deem appropriate. The principal business address of our affiliates that offer franchises are in Item 1. Other than ATP Franchising, LLC, each of these affiliates currently operates from separate corporate offices and

training facilities from us. ATP Franchising, LLC operates from the same corporate office as us, but separate training facilities.

**Item 13.**

**TRADEMARKS**

The following table sets forth the list of our principal Marks and the status of applications filed with the U.S. Patent and Trademark Office for the Principal Register to protect the principal Marks.:

Mark	App. Number	Application Date
THE PICKLE PAD (Word Mark)	98129198	August 11, 2023
	98173319	September 11, 2023
CRAVE SOCIAL EATERY (Word Mark)	98207705	October 3, 2023
REAL FOOD REAL FUN (Word Mark)	98325509	December 21, 2023

We do not have a federal registration for our principal trademarks. Therefore, our trademarks do not have as many legal benefits and rights as a federally registered trademark. If our right to use any trademark is challenged, you may have to change to an alternative trademark, which may increase your expenses.

All required affidavits of use will be filed in a timely manner. There is presently no effective determination of the U.S. Patent and Trademark Office, the Trademark Trial & Appeal Board, the trademark administrator of any state or any court, nor any pending infringement, opposition or cancellation proceeding or any pending material litigation involving our principal Marks. However, on April 12, 2024, we received non-final office actions from the U.S. Patent and Trademark Office regarding our pending federal applications (Serial Nos. 98129198 and 98129199). In the non-final office actions, the examiner notes that it did not find any conflicting registered marks, however, a third-party’s trademark application is currently pending for “The Pad” (No. 9805136) for use with a padel ball concept which, if registered, the examiner believed could be confusingly similar to ours. We are electing to temporarily suspend our applications so that we may evaluate the best course of action based on the outcome of the preceding application, which may or may not be successful. The non-final office actions do not create any restriction on our ability to continue using or licensing the use of the Marks.

We grant you a non-exclusive license to use the Marks to operate your Club, subject to the terms of your Franchise Agreement. You must at all times faithfully, honestly, and diligently promote the Marks in connection with operating your Club. You may use the Marks only for your Club, and only according to your Franchise Agreement and in accordance with System Standards. You have no right to sublicense or

assign your right to use the Marks. You may not use any other trademarks, service marks or commercial symbols to identify or operate your Club.

You must identify yourself as the independent owner of your Club in the manner we prescribe. You may not use any Mark (1) as part of any corporate or legal business name; (2) with any prefix, suffix, or other modifying words, terms, designs, or symbols (other than logos we have licensed to you); (3) in selling any unauthorized services or products; (4) as part of any website, domain name, email address, social media account, other online presence or presence on any electronic, virtual, or digital medium of any kind (“Online Presence”), except in accordance with our System Standards; (5) in advertising the transfer, sale, or other disposition of your Club or an ownership interest in you; or (6) in any other manner that we have not expressly authorized in writing. You must give the notices of trademark registrations that we specify and to obtain any fictitious or assumed name registrations required under applicable law.

We license the Marks from TPP IP under a Trademark License Agreement dated September 6, 2023 (the “License Agreement”). The term of the License Agreement will continue for 99 years from its effective date unless terminated. The License Agreement may be terminated (resulting in the loss of our right to use and to sublicense the use of the Marks to you) by mutual agreement of the parties, or by TPP IP for a number of reasons, including if we default on any obligations, we are dissolved, make an assignment for the benefit of creditors, become insolvent, consent to appointment of a receiver, or our business is seized, or the parties cease to be affiliates. All rights in and goodwill from the use of the Marks accrue to TPP IP. Except as described above, no agreement significantly limits our rights to use or sublicense the Marks in a manner material to the franchise.

The Marks may evolve over time, including after you sign the Franchise Agreement, as we evaluate the best way to promote the System. If we decide to modify, substitute, add or discontinue the use of any Marks for the System, we may at any time require you to modify, substitute, add, or discontinue using any Mark and/or use one or more additional or substitute Marks. You must replace the Marks at your Club with the modified, additional or substitute Marks we specify and comply with all other directions we give regarding the Marks at your Club within a reasonable time after receiving notice from us. We are not required to reimburse you for any costs or expenses associated with making changes or promoting a modified or substitute Mark, or for any loss of revenue due to any modified or discontinued Mark.

We know of no superior rights or infringing uses that could materially affect your use of the Marks in any state. You must notify us immediately of any apparent infringement or challenge to your use of any Mark, or of any person’s claim of any rights in any Mark, and you may not communicate with any person other than us and our and our affiliates’ attorneys, regarding any infringement, challenge or claim. We and/or TPP IP may take the action we deem appropriate and exclusively control any litigation or proceeding from the infringement, challenge or claim or otherwise concerning any Mark. You must sign the documents and take the actions that, in the opinion of our attorneys, are necessary or advisable to protect and maintain our interests in the Marks. We will reimburse you for all damages and expenses that you incur in responding to any trademark infringement proceeding disputing your use of any Marks, if you have notified us immediately of the proceeding, and complied with our directions in responding to it. You must not contest, or assist any other person in contesting, the validity of our and TPP IP’s ownership of the Marks. Your use of the Marks and any goodwill established by that use are exclusively for our and TPP IP’s benefit.

Under the Franchise Agreement, we must indemnify you against, and reimburse you for, all damages for which you are held liable in any proceeding in which your use of any Mark in compliance with the

Franchise Agreement is held to constitute trademark infringement, and for all reasonable costs you incur in the defense of any claim brought against you or in any proceeding in which you are named as a party, only if you have timely notified us of the claim or proceeding and comply with our directions in responding to the proceeding. At our option, we and/or TPP IP may defend and control the defense of any proceeding from your use of any Mark under the Franchise Agreement.

#### **Item 14.**

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

#### Copyrights

We do not own any patents that are material to the franchise. We have not filed any patent applications that are material to the franchise. We and/or our affiliates claim copyrights in the Brand Standards Manual, all Franchise System Websites, advertising and marketing materials, any or all of the design elements contained within the Marks, and other advertising or marketing materials used in operating the Clubs and the System. We have not registered these copyrights with the United States Copyright Office but need not do so at this time to protect them. You may use the copyrighted works only as we specify while operating your Club (and must stop using them if we so direct you). There currently are no effective adverse determinations regarding the copyrighted materials. No agreement limits our right to use or allow others to use the Confidential Information (defined below) or copyrighted works. We know of no infringing uses of our copyrighted works which could materially affect your using the copyrighted works. We need not protect or defend our copyrighted works. We may control any action involving the copyrighted works, even if you voluntarily bring the matter to our attention. We need not participate in your defense nor indemnify you for damages or expenses in a proceeding involving the copyrighted works.

#### Confidential Information

In connection with your franchise, you and your owners and personnel may from time to time be provided and/or have access to non-public information about the System and the operation of Clubs, including information arising from your Club (the “Confidential Information”), including: (1) training and operations materials (including the Brand Standards Manual); (2) the System Standards and the System, including trade secrets; (3) market research and marketing strategies (including expansion strategies and targeted demographics); (4) specifications for, suppliers of, and methods of ordering, products and services (including, Operating Assets); (5) any software or technology which is proprietary to us or the System, including digital passwords and identifications and any source code of, and data, reports, and other printed materials generated by, the software or similar technology; (6) knowledge of the operating results and financial performance of Clubs; (7) information generated by, or used or developed in, any Club’s operation, including information relating to customers such as customer names, addresses, telephone numbers, e-mail addresses, buying habits, preferences, demographics and related information; and (8) any other information designated as confidential or proprietary by us.

All Confidential Information is exclusively owned by us and is proprietary to our System (other than personally identifiable information relating to your employees and personnel, and/or certain other data that we do not have access to or are otherwise designated or restricted by us). You must and must cause your representatives to: (a) process, retain, use, collect, and disclose our Confidential Information strictly to the limited extent, and in such a manner, as necessary for the development and operation of the Club in accordance with your Franchise Agreement, (b) process, retain, use, collect, and disclose our

Confidential Information strictly in accordance with the privacy policies and System Standards we establish, and our and our representative's instructions; (c) keep confidential and not disclose, sell, distribute, or trade our Confidential Information to any person other than those of your employees and representatives who need to know such Confidential Information for the purpose of assisting you in operating the Club in accordance with your Franchise Agreement (you will be responsible for any violation of this requirement by any of your representatives or employees); (d) not make unauthorized copies of any of our Confidential Information; (e) adopt and maintain administrative, physical and technical safeguards to prevent unauthorized use or disclosure of any of our Confidential Information, including by establishing reasonable security and access measures, restricting its disclosure to Key Personnel, and/or by requiring persons who have access to such Confidential Information to be bound by contractual obligations to protect such Confidential Information and preserve our rights and controls in such Confidential Information, in each case that are no less protective or beneficial to us than the terms of the Franchise Agreement; and (f) at our request, destroy or return any of the Confidential Information. Confidential Information does not include information, knowledge, or know-how, which is lawfully known to the public without violation of applicable law or an obligation to us or our affiliates.

As it relates to any "personally identifiable information" that constitutes part of our Confidential Information, you must also: (a) process, retain, use, collect, and disclose all such personally identifiable information only in strict accordance with all applicable laws, regulations, orders, the guidance and codes issued by industry or regulatory agencies, and the privacy policies and terms and conditions of any applicable Online Presence; (b) assist us with meeting our compliance obligations under all applicable laws and regulations relating to such personally identifiable information, including the guidance and codes of practice issued by industry or regulatory agencies; and (c) promptly notify us of any communication or request from any customer or other data subject to access, correct, delete, opt-out of, or limit activities relating to any such personally identifiable information.

### Innovations

All ideas, concepts, techniques, or materials relating to a Club created by you, your owners or your employees (or for you, your owners or your employees), whether or not protectable intellectual property, must be promptly disclosed to us and will be our sole and exclusive property, part of the System, and works made-for-hire for us. To the extent that any item does not qualify as a "work made-for-hire" for us, you must assign ownership of that item, and all related rights to that item, to us and agree to take whatever action (including signing assignment or other documents) we request to evidence our ownership or to help us obtain intellectual property rights in the item.

### Contact Information

We have the sole right to all telephone numbers, directory listings, and/or any other type of contact information or directory listing for your Club or that you use in the operation or promotion of your Club (the "Contact Information"). The Contact Information may be used only for your Club in accordance with the Franchise Agreement and our System Standards. We may notify any telephone company, listing agencies, website hosting company, domain registrar, social network, and any other third-party owning or controlling any Contact Information, if any information relating to your Club is inaccurate or violates our System Standards, and request that they modify such Contact Information, and/or remove such Contact Information until it can be corrected.



## **Item 15.**

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

If you are an entity, you must identify one of your owners who is a natural person with at least a 51% ownership interest and voting power in you (your “Principal Owner”). We must approve the person that will act as your Principal Owner. If you do not (or if you are conducting business as an entity, your Principal Owner does not) wish to supervise the day-to-day operation of your Club, then you must designate a person that we approve to supervise the day-to-day operation of your Club (your “Approved Manager”). We must approve your Approved Manager before he or she begins to provide services at your Club. We may establish conditions for approving any such Approved Manager, which may include the completion of training, confirmation that it will have no competitive businesses activities, and/or execution of a non-disclosure agreement (that we approve or designate) or other covenants we require. During any period in which no Approved Manager is approved (including because the Approved Manager resigns or otherwise indicates to us or you that he or she wishes to cease acting as your Approved Manager, or we disapprove of your Approved Manager for any reason), you (or if you are conducting business as an entity, your Principal Owner) must supervise the day-to-day operations of your Club. Your Club must always be under the direct on-site supervision of one or more persons who have completed our Management Training Program.

Your Principal Owner will be authorized to deal with us on your behalf for all matters whatsoever that may arise with respect to your Franchise Agreement. Any decision made by the Principal Owner will be final and binding on you and we will be entitled to rely solely on the decision of the Principal Owner without discussing the matter with any other party. We will not be held liable for any actions based on any decision or actions of the Principal Owner. The person acting as your Principal Owner must have full corporate power and authority to enter into the Franchise Agreement and any other documents to which you are a party, and to make binding decisions on your behalf.

If you operate through a business entity, your direct and indirect owners must personally guarantee your obligations under the Franchise Agreement and must agree to be bound personally by every contractual provision, whether containing monetary or non-monetary obligations, including the covenant not to compete. Our current form of guaranty is attached as Exhibit B to the Franchise Agreement. In addition, if these owners are married, their spouse may have to consent in writing to the signing of the guaranty.

We may require that any employee, agent, or independent contractor that you hire and that will have access to Confidential Information execute a non-disclosure agreement that we approve or designate.

## **Item 16.**

### **RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL**

You must offer and sell at your Club the attractions, products, or services that we specify from time to time. You may offer and sell such approved attractions, products, or services only in the manner and at the locations we have prescribed and may not offer or sell any attractions, products, or services through alternative channels of distribution (including, the internet or retail stores) without our approval. You may not offer or sell any attractions, products, or services we have not approved at any location. If we at any time disapprove an attraction, product, or service, you must immediately discontinue offering or

selling it at your Club. As our System evolves, we may authorize one or more Clubs to offer additional, different, or modified attractions, products, or services, and we are under no obligation to authorize every Club to offer the same attractions, products, or services. We may condition our approval for any such attractions, products, or services on our then-current criteria, and/or additional terms and conditions that we establish.

If we at any time (including after our initial approval) determine that you fail to meet our System Standards for offering or selling any attractions, products, or services, we may permanently or temporarily terminate your right to offer or sell such attractions, products, or services (and without waiving our right to terminate your Franchise Agreement for a default).

We may periodically set a maximum or minimum price that you may charge for products and services offered by your Club. If we impose a maximum price for any product or service, you may not charge more for the product or service than the maximum price we impose. If we impose a minimum price for any product or service, you may not charge less for such product or service than the minimum price we impose. For any product or service for which we do not impose a maximum or minimum price, we may require you to comply with an advertising policy adopted by us which will prohibit you from advertising any price for a product or service that is different than our suggested retail price. Although you must comply with any advertising policy we adopt, you will not be prohibited from selling any product or service at a price above or below the suggested retail price unless we impose a maximum price or minimum price for it.

You must obtain a signed liability release and waiver (a “Liability Waiver”) from every customer of your Club (and for any customer that is a minor, from an authorized parent or guardian) before they enter the recreational areas of the Premises or participate in any recreational services or activities. We must approve the form of Liability Waiver that you will use before you begin to use it with any customers, and we may regulate the form of Liability Waiver. We may disapprove any Liability Waiver at any time, and you must update your Liability Waiver periodically to meet our then-current standards. You are solely responsible for obtaining your own professional advice with respect to the adequacy of the terms and provisions of any Liability Waiver, and its compliance with any applicable laws in your specific jurisdiction.

You must offer and sell membership rights for the Club (“Memberships”) after your Opening Date. You may not offer or sell any Memberships prior to your Opening Date without our prior written approval. All Memberships must be evidenced by a written agreement (a “Membership Agreement”) and must not be for a term that extends beyond the expiration of your Franchise Agreement without our prior written consent. You must comply with the System Standards we establish from time to time regarding Memberships, standards for the following: (1) the types and terms of Memberships you may offer; (2) the form(s) of Membership Agreement; (3) the terms and conditions upon which a member may transfer his or her Membership from your Club to another Club and vice versa; (4) admission of members of your Club to other Clubs; (5) procedures to follow when members transfer to or from your Club; (6) use and acceptance of coupons, passes, and certificates; (7) group accounts and group Memberships (and discounts applicable thereto); and (8) payment terms for Memberships. If we are contacted by a member of your Club who wishes to lodge a complaint, we may address the member’s complaints, which may include refunding money to the complaining member, in which case you must reimburse us for these amounts.

We may modify the types and terms of Memberships to be offered, terminate your right to offer certain types of Memberships, and/or approve or require other types of Memberships for sale. We may suspend, revoke, or terminate your right to offer Memberships at any time.

You may not offer or sell any third-party advertising opportunities, including but not limited to, the sale or display of banners, signage, sponsorships, products, or other forms of third-party promotion, on the Premises of, or otherwise associated with, your Club, without our prior written approval. We may revoke such approval at any time, upon notice to you.

**Item 17.**

**RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION  
THE FRANCHISE RELATIONSHIP**

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

PROVISION	SECTION IN AGREEMENT	SUMMARY
(a) Length of the franchise term	Section 1B in Franchise Agreement Section 1B in Area Development Agreement	Terms of Franchise Agreement is 10 years.  Term of Area Development Agreement ends on the earlier of (1) the date on which the last Club which is required to be opened to satisfy the development schedule opens for regular business, or (2) the last day of the last development schedule.
(b) Renewal or extension of the term	Sections 7B and 14A in Franchise Agreement  Area Development Agreement	If you are in substantial compliance with the Franchise Agreement, you may acquire a franchise for one successive term of 10 years.  Not Applicable.

PROVISION	SECTION IN AGREEMENT	SUMMARY
(c) Requirements for franchisee to renew or extend	Sections 7B and 14 in Franchise Agreement  Area Development Agreement	The following conditions must be met to qualify for a renewal: (i) you give us written notice no more than 540 days and no less than 180 days before the expiration; (ii) you have substantially complied with the Franchise Agreement and all System Standards, (iii) you maintain possession of and agree to remodel and/or expand your Club, add or replace improvements and Operating Assets, or secure and develop a new premises we approve, (iv) you sign our then-current Franchise Agreement, which may materially differ from your current Franchise Agreement, (v) you and your owners sign (if state law allows) general releases, (vi) you pay a renewal fee, and (vii) we offer franchises in your geographic market at the time of your notice.  Not Applicable.
(d) Termination by franchisee	Section 15A in Franchise Agreement  AND  Section 7A in Area Development Agreement	You may terminate the Franchise Agreement or Area Development Agreement if you are in full compliance with the applicable agreement and we materially breach the agreement and do not cure the default within 30 days after notice from you, or, if we cannot correct the failure within 30 days, we fail to give you reasonable evidence of our effort to correct the failure within 30 days after your notice (subject to state law).
(e) Termination by franchisor without cause	Not applicable	We may not terminate the Franchise Agreement or Area Development without cause.
(f) Termination by franchisor with cause	Section 15B in Franchise Agreement  AND  Section 7B in Area Development Agreement	We may terminate the Franchise Agreement or Area Development Agreement only if you or your owners commit one of several violations.
(g) “Cause” defined — curable defaults	Section 15B in Franchise Agreement	Under the Franchise Agreement, you have 10 days to pay past due amounts owed to us; applicable cure period to pay past due amounts owed third-parties; 72 hours to cure health and safety violations; 10 days to cure any insurance requirements; 30 days to cure an attachment, seizure, warrant, writ, or levy on your Club, or any order appointing a receiver, trustee, or liquidator on a substantial part of your property; and 30 days to cure a breach of any other provision or obligation under the Franchise Agreement or any agreement between you (and your affiliates) and us (and our affiliates).



PROVISION	SECTION IN AGREEMENT	SUMMARY
(i) Franchisee’s obligations on termination/non-renewal	<p>Section 16 in Franchise Agreement</p> <p>Section 8 in Area Development Agreement</p>	<p>Under the Franchise Agreement, you must: close the Club for business; cease using Marks; cease identifying yourself as a franchise owner; remove all materials bearing the Marks and remove all proprietary trade dress to de-identify the Premises; cease using Contact Information and Online Presences and transfer controls to us; return or destroy all Confidential Information (including the Brand Standards Manual and any and all customer data or other information from your Computer System); and comply with all other System Standards and applicable laws for closure and de-identification. You must also pay us Lost Revenue Damages if we terminate for your breach, or you terminate other than as permitted under the Franchise Agreement.</p> <p>Under the Area Development Agreement, you must: cease to conduct business, exercise development rights, and search for sites for Clubs; cease identifying yourself as a franchise owner area developer; return to us or destroy any and all Confidential Information; and comply with all other System Standards and all applicable laws in connection with the termination.</p>
(j) Assignment of contract by franchisor	<p>Section 13A in Franchise Agreement</p> <p>AND</p> <p>Section 6A in Area Development Agreement</p>	<p>There is no restriction on our right to assign.</p>
(k) “Transfer” by franchisee — defined	<p>Section 13B in Franchise Agreement</p> <p>AND</p> <p>Section 6B in Area Development Agreement</p>	<p>A transfer includes a voluntary, involuntary, direct, or indirect assignment, sale, gift, or other disposition, including transfer by reason of merger, consolidation, issuance of additional securities, death, disability, divorce, insolvency, encumbrance, foreclosure, surrender or by operation of law.</p>
(l) Franchisor approval of transfer by franchisee	<p>Sections 13B and 13C in Franchise Agreement</p> <p>AND</p> <p>Sections 6B and 6C in Area Development Agreement</p>	<p>You may not transfer the Franchise Agreement or Area Development Agreement without our prior written approval.</p>

PROVISION	SECTION IN AGREEMENT	SUMMARY
(m) Conditions for franchisor approval of transfer	Sections 13B and 13C in Franchise Agreement	You submit an application for transfer and provide all information we request about transferee; transferee meets our standards for franchise owners; you provide us executed versions of all agreements with transferee; you execute all documents we require, including a general release of claims against us and our affiliates; all monetary obligations are paid; you and your owners are not in default of any provisions of the Franchise Agreement or any other agreement with us; transferee and its Key Personnel complete the Management Training Program; all necessary actions under the Lease are completed; transferee signs our then-current franchise agreement and other documents, provisions of which may differ materially from those contained in the Franchise Agreement; transferee or its owners sign our then-current form of personal guaranty; you pay a transfer fee; we determine that the financial terms of the transfer will not burden your Club; transferee financing is subordinate to the Franchise Agreement; you correct existing deficiencies in your Club and/or the transferee agrees to upgrade or remodel your Club for which we may require transferee to escrow an amount we approve for the payment of this update, or remodel; and you provide evidence that all other appropriate measures have been taken to transfer operations of the Club to transferee. If the transfer is to a legal entity that you own 100%, and you are in full compliance with the Franchise Agreement, our consent will not be required, but you must transfer all Club operations and assets to such entity; that entity must conduct no business other than your Club; that entity must assume all of your obligations under the Franchise Agreement; you must reimburse us for all direct costs we incur in connection with the transfer; and you must provide us with organizational documents for the new entity.
(m) Conditions for franchisor approval of transfer	Section 6B and 6C in Area Development Agreement	You submit an application for transfer and provide all information we request about transferee; transferee meets our standard for area developers; you provide us executed versions of all agreements with transferee; you execute all documents we require, including a general release of claims against us and our affiliates; all monetary obligations are paid; you and your owners are not in default of any provisions of the Area Development Agreement or any other agreement with us; all transfer conditions are satisfied, including transfer of any applicable leases, contracts or fees; transferee or its owners sign our then-current area development agreement and other documents, provisions of which may differ materially from those contained in the Area Development Agreement; transferee or its owners sign our then-current form of personal guaranty; you pay a transfer fee; we determine that the financial terms of the transfer will not burden the development rights or Club; transferee financing is subordinate to transferee's obligations to amounts due to us, our

PROVISION	SECTION IN AGREEMENT	SUMMARY
		affiliates, or to otherwise comply with the Area Development Agreement and each Franchise Agreement; and you provide evidence that all other appropriate measures have been taken to transfer operation of the development rights to transferee. If the transfer is to a legal entity that you own 100%, and you are in full compliance with the Area Development Agreement, our consent will not be required, but you must transfer all operations and assets to such entity; that entity must conduct no business other than your Clubs; that entity must assume all of your obligations under the Area Development Agreement; you must reimburse us for all direct costs we incur in connection with the transfer; and you must provide us with organizational documents for the new entity.
(n) Franchisor's right of first refusal to acquire franchisee's business	Section 13D in Franchise Agreement  Section 6D in Area Development Agreement	If you receive an offer to sell or transfer an interest, direct or indirect, in the Franchise Agreement, your Club, substantially all of the assets of your Club, or any direct or indirect ownership interest in you, we have a right of first refusal to purchase such interest offered for the price and on the terms and conditions contained in the offer with certain provisions; if this right is not exercised within 30 days of our receipt of such intention to sell or transfer, then you may sell or transfer in accordance with items (k) to (m) in this Item 17.  If you receive an offer to sell or transfer an interest, direct or indirect, in the Area Development Agreement, your business operated under the Area Development Agreement, or any direct or indirect ownership interest in you, we have a right of first refusal to purchase such interest offered for the price and on the terms and conditions contained in the offer with certain provisions; if this right is not exercised within 30 days of our receipt of such intention to sell or transfer, then you may sell or transfer in accordance with items (k) to (m) in this Item 17.
(o) Franchisor's option to purchase franchisee's business	Section 16E in Franchise Agreement  Area Development Agreement	We may purchase your Club at fair market value upon the termination or expiration of the Franchise Agreement. We may exercise this right by giving you written notice of our election within 30 days after the termination or expiration.  Not Applicable



PROVISION	SECTION IN AGREEMENT	SUMMARY
(p) Death or disability of franchisee	Section 13E in Franchise Agreement  AND  Section 6E in Area Development Agreement	Upon death or disability of you or your Principal Owner, such person's executor, administrator, conservator, guardian, or other personal representative must transfer the ownership interest within 9 months of the date of death or disability. Such transfer upon death or disability of a franchisee or area developer is a transfer requiring our consent. See (k) in this Item 17 above. We may, but need not, operate the Club on an interim basis (or appoint a third party to operate the Club on an interim basis).
(q) Non-competition covenants during the term of the franchise	Section 12 in Franchise Agreement  AND  Section 5 of Area Development Agreement	Neither you, nor any of your owners, may have any involvement, directly or indirectly, in a "Competitive Business." "Competitive Business" means any business (excluding Clubs operated under a franchise agreement with us or an affiliate) operating or granting franchises or licenses to others to operate any recreational facility or similar business that: (i) features pickleball courts, and/or other attractions, products, or services substantially similar to those offered by Clubs; or (ii) derives more than 20% of its gross revenue from parties and events (subject to state law).
(r) Non-competition covenants after the franchise is terminated or expires	Section 16F in Franchise Agreement          Sections 8B and 8C in Area Development Agreement	For 2 years beginning on the effective date of termination expiration of the Franchise Agreement (or after transfers, for the transferor) or the date you and your owners begin to comply, you and your owners may not have any direct or indirect interest in a Competitive Business located or operating (a) at the Premises or within a 15-mile radius of the Premises, or (b) within a 10-mile radius of any other Club operated by us, our affiliates, or any franchisee of us or our affiliates (subject to state law).  For 2 years beginning on the effective date of termination or expiration of the Area Development Agreement (or after transfers, for the transferor) or the date you and your owners begin to comply, you and your owners may not have any direct or indirect interest in a Competitive Business located or operating (a) within the Development Area, or (b) within a 10-mile radius of any other Club operated by us, our affiliates, or any franchisee of us or our affiliates (subject to state law).
(s) Modification of the agreement	Section 18I in Franchise Agreement  AND  Section 10I in Area Development Agreement	No modification unless by written agreement of both parties, but Brand Standards Manual and System Standards are subject to change at any time.
(t) Integration/merger clause	Section 18N in	Only the written terms of the Franchise Agreement and Area Development and other related written agreements are binding

PROVISION	SECTION IN AGREEMENT	SUMMARY
	Franchise Agreement AND Section 10M in Area Development Agreement	(subject to state law). Any representations or promises outside the Disclosure Document, Franchise Agreement and Area Development Agreement may not be enforceable. However, nothing in the Franchise Agreement or Area Development Agreement is intended to disclaim the representations we made in the Disclosure Document that we furnished to you.
(u) Dispute resolution by arbitration or mediation	Sections 18A and 18B in Franchise Agreement AND Sections 10A and 10B in Area Development Agreement	Either of us may initiate a mediation proceeding by notifying the other in writing. Regardless of who initiates the mediation, the mediation will be conducted at a location in or within 50 miles of our then-principal place of business (currently, Dallas, Texas) (subject to state law, if applicable) unless we and you agree upon a mutually acceptable alternative location.  All controversies, disputes or claims between us must be submitted for binding arbitration to the American Arbitration Association on demand of either party. We and you must arbitrate all disputes at a location in or within 50 miles of our then-principal place of business (currently, Dallas, Texas) (subject to state law, if applicable).
(v) Choice of forum	Section 18C in Franchise Agreement AND Section 10D in Area Development Agreement	You must sue us in the state or federal court closest to our then-current principal place of business (currently, Dallas, Texas) (subject to state law, if applicable).
(w) Choice of law	Section 18D in Franchise Agreement AND Section 10C in Area Development Agreement	Except for the Federal Arbitration Act and other federal law, the law of the State of Delaware governs (subject to state law).

**Item 18.**

**PUBLIC FIGURES**

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

**Item 19.**

**FINANCIAL PERFORMANCE REPRESENTATIONS**

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

We do not make any representations about a franchisee's future financial performance or the past financial performance of company-owned or franchised outlets. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting Robert Morris, 12222 Merit Drive, Suite 1300, Dallas, Texas 75251, (866) 414-0616, the Federal Trade Commission, and the appropriate state regulatory agencies.

**Item 20.**

**OUTLETS AND FRANCHISEE INFORMATION**

**TABLE NO. 1  
SYSTEMWIDE OUTLET SUMMARY  
FOR YEARS 2021 to 2023**

<b>Outlet Type</b>	<b>Year</b>	<b>Outlets at the Start of the Year</b>	<b>Outlets at the End of the Year</b>	<b>Net Change</b>
Franchised	2021	0	0	0
	2022	0	0	0
	2023	0	0	0
Affiliate-Owned or Managed	2021	0	0	0
	2022	0	0	0
	2023	0	0	0
<b>Total</b>	<b>2021</b>	<b>0</b>	<b>0</b>	<b>0</b>
	<b>2022</b>	<b>0</b>	<b>0</b>	<b>0</b>
	<b>2023</b>	<b>0</b>	<b>0</b>	<b>0</b>

**TABLE NO. 2**  
**TRANSFERS OF OUTLETS FROM FRANCHISEES TO**  
**NEW OWNERS (OTHER THAN FRANCHISOR OR AN AFFILIATE)**  
**FOR YEARS 2021 to 2023**

State	Year	Number of Transfers
<b>Totals</b>	<b>2021</b>	<b>0</b>
	<b>2022</b>	<b>0</b>
	<b>2023</b>	<b>0</b>

**TABLE NO. 3**  
**STATUS OF FRANCHISED OUTLETS**  
**FOR YEARS 2021 to 2023**

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations-Other Reasons	Outlets at End of Year
<b>Total</b>	<b>2021</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
	<b>2022</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
	<b>2023</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

**TABLE NO. 4**  
**STATUS OF AFFILIATE-OWNED OUTLETS**  
**FOR YEARS 2021 to 2023**

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired from Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of Year
<b>Totals</b>	<b>2021</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
	<b>2022</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
	<b>2023</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

**TABLE NO. 5**  
**PROJECTED OPENINGS FOR 2024**

State	Franchise Agreements Signed But Not Opened	Projected New Franchised Openings	Projected New Company-Owned Openings
Arizona	0	1	0
Florida	0	0	1
<b>Totals</b>	<b>0</b>	<b>1</b>	<b>1</b>

\*\*\*

Exhibit D-1 contains a list of the names, addresses and telephone numbers of our current franchisees in as of December 31, 2023; and Exhibit D-2 contains a list of the names and last known address and telephone number of each franchisee who had a Franchise Agreement terminated, cancelled, not renewed or who otherwise voluntarily or involuntarily ceased to do business under the Franchise Agreement during the most recently completed fiscal year, or who had not communicated with us within 10 weeks of the issuance date of this Disclosure Document. If you buy this franchise, your contact information may be disclosed to buyers when you leave the franchise system.

Within the last three years, no franchisees have signed confidentiality clauses. In some instances, current and former franchisees sign provisions restricting their ability to speak openly about their experience with our franchise system. You may wish to speak with current and former franchisees but be aware that not all such franchisees will be able to communicate with you.

We are not aware of any franchisee organizations associated with our franchise system.

#### **Item 21.**

### **FINANCIAL STATEMENTS**

Exhibit E contains our: (i) unaudited balance sheet as of March 31, 2024 and the profit and loss statement for the quarter then-ended; and (ii) audited balance sheet as of December 31, 2023 and the related statement of operations, changes in members' equity, and cash flow for the fiscal year ending December 31, 2023. We have only been operating since November 2023, and therefore cannot provide all financial statements required by the FTC Rule. Our fiscal year end is December 31 of each year.

#### **Item 22.**

### **CONTRACTS**

The following contracts are attached as exhibits to this Disclosure Document:

- Exhibit B-1 – Franchise Agreement
- Exhibit B-2 – Area Development Agreement
- Exhibit B-3 – Consent to Transfer
- Exhibit F – Representations Statement
- Exhibit G – Sample General Release

#### **Item 23.**

### **RECEIPTS**

Exhibit I contains detachable documents acknowledging your receipt of this Disclosure Document.

**EXHIBIT A**

**STATE ADMINISTRATORS/AGENTS FOR SERVICE OF PROCESS**

**STATE ADMINISTRATORS/AGENTS FOR SERVICE OF PROCESS**

Listed here are the names, addresses and telephone numbers of the state agencies having responsibility for the franchising disclosure/registration laws. We may not yet be registered to sell franchises in any or all of these states. There may be states in addition to those listed below in which we have appointed an agent for service of process. There may also be additional agents appointed in some of the states listed.

**CALIFORNIA**

Department of Financial Protection &  
Innovation:  
Toll Free: 1 (866) 275-2677

***Los Angeles***

Suite 750  
320 West 4<sup>th</sup> Street  
Los Angeles, California 90013  
(213) 576-7505

***Sacramento***

2101 Arena Blvd.  
Sacramento, California 95834  
(916) 445-7205

***San Diego***

1455 Frazee Road, Suite 315  
San Diego, California 92108  
(619) 610-2093

***San Francisco***

One Sansome Street, Suite 600  
San Francisco, California 94104  
(415) 972-8559

**GEORGIA**

Corporations Division  
2 Martin Luther King Jr. Dr., Suite 315  
Atlanta, GA 30334-1530  
404-656-2817

**HAWAII**

(state administrator)

Business Registration Division  
Securities Compliance Branch  
Department of Commerce  
and Consumer Affairs  
P.O. Box 40  
Honolulu, Hawaii 96810  
(808) 586-2727

(agent for service of process)

Commissioner of Securities of the State of  
Hawaii  
Department of Commerce and Consumer  
Affairs  
Business Registration Division  
Securities Compliance Branch  
335 Merchant Street, Room 205  
Honolulu, Hawaii 96813  
(808) 586-2744

**ILLINOIS**

Franchise Bureau  
Office of the Attorney General  
500 South Second Street  
Springfield, Illinois 62706  
(217) 782-4465

**INDIANA**

(state administrator)

Indiana Secretary of State  
Securities Division, E-111  
302 West Washington Street  
Indianapolis, Indiana 46204  
(317) 232-6681

(agent for service of process)

Indiana Secretary of State  
200 West Washington Street, Room 201  
Indianapolis, Indiana 46204  
(317) 232-6531

**LOUISIANA**

State of Louisiana  
Secretary of State  
8585 Archives Ave  
Baton Rouge, LA 70809  
225-925-4704

**MARYLAND**

(state administrator)

Office of the Attorney General  
Securities Division  
200 St. Paul Place  
Baltimore, Maryland 21202-2021  
(410) 576-6300

(agent for service of process)

Maryland Securities Commissioner  
at the Office of the Attorney General  
Securities Division  
200 St. Paul Place  
Baltimore, Maryland 21202-2021  
(410) 576-6360

**MICHIGAN**

(state administrator)

Michigan Attorney General's Office  
Consumer Protection Division  
Attn: Franchise Section  
G. Mennen Williams Building  
525 West Ottawa Street  
Lansing, Michigan 48909  
(517) 373-7117

(agent for service of process)

Michigan Department of Commerce,  
Corporations, Securities, and Commercial  
Licensing Bureau  
P.O. Box 30018  
Lansing, Michigan 48909

**MINNESOTA**

(state administrator)

Commissioner of Commerce  
Minnesota Department of Commerce  
85 7th Place East, Suite 280  
St. Paul, Minnesota 55101  
(651) 539-1600

(agent for service of process)

Commissioner of Commerce  
Minnesota Department of Commerce  
85 7th Place East, Suite 280  
St. Paul, Minnesota 55101  
(651) 539-1600

**NEW YORK**

(state administrator)

NYS Department of Law  
Investor Protection Bureau  
28 Liberty St. 21<sup>st</sup> Fl  
New York, NY 10005  
(212) 416-8222

(agent for service of process)



Attention: New York Secretary of State  
New York Department of State  
One Commerce Plaza  
99 Washington Avenue, 6<sup>th</sup> Floor  
Albany, NY 12231-0001  
(518) 473-2492

**NORTH CAROLINA**

North Carolina Secretary of State  
2 South Salisbury Street  
Raleigh, North Carolina 27601-2903  
(919) 814-5344

**NORTH DAKOTA**

(state administrator)

North Dakota Securities Department  
600 East Boulevard Avenue  
State Capitol – 14<sup>th</sup> Floor  
Bismarck, North Dakota 58505  
(701) 328-4712

(agent for service of process)

Securities Commissioner  
600 East Boulevard Avenue  
State Capitol – 14<sup>th</sup> Floor  
Bismarck, North Dakota 58505  
(701) 328-4712

**OREGON**

Department of Business Services  
Division of Finance & Corporate Securities  
350 Winter Street, NE, Room 410  
Salem, Oregon 97310-3881  
(503) 378-4387

**RHODE ISLAND**

Department of Business Regulation  
Division of Securities  
John O. Pastore Complex  
Building 69-1  
1511 Pontiac Avenue  
Cranston, Rhode Island 02920

(401) 462-9645

**SOUTH DAKOTA**

Division of Insurance  
Securities Regulation  
124 S. Euclid, Suite 104  
Pierre, South Dakota 57501  
(605) 773-3563

**VIRGINIA**

(state administrator)

State Corporation Commission  
Division of Securities and Retail Franchising  
1300 East Main Street, Ninth Floor  
Richmond, Virginia 23219  
(804) 371-9051

(agent for service of process)

Clerk, State Corporation Commission  
1300 East Main Street, 1<sup>st</sup> Floor  
Richmond, Virginia 23219  
(804) 371-9733

**WASHINGTON**

(state administrator)

Washington Department of Financial Institutions  
Securities Division  
P.O. Box 41200  
Olympia, Washington 98504-1200  
(360) 902-8760

(agent for service of process)

Director  
Department of Financial Institutions  
Securities Division  
150 Israel Road, S.W.  
Tumwater, Washington 98501

**WISCONSIN**

(state administrator)

Securities and Franchise Registration  
Wisconsin Department of Financial Institutions  
4822 Madison Yards Way, North Tower  
Madison, Wisconsin 53705  
(608) 266-0448

(agent for service of process)

Office of the Secretary  
Wisconsin Department of Financial Institutions  
P.O. Box 8861  
Madison, Wisconsin 53708-8861  
(608) 261-9555

**EXHIBIT B-1**  
**FRANCHISE AGREEMENT**

**THE PICKLE PAD**  
**FRANCHISE AGREEMENT**



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**FRANCHISEE**

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**UNIT NO.**

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**EXHIBITS:**

- EXHIBIT A ENTITY INFORMATION
- EXHIBIT B GUARANTY AND ASSUMPTION OF OBLIGATIONS
- EXHIBIT C PREMISES/SITE SELECTION AREA/PROTECTED TERRITORY
- EXHIBIT D LEASE RIDER
- EXHIBIT E PRE-AUTHORIZED DEBIT AGREEMENT

## FRANCHISE AGREEMENT

**THIS FRANCHISE AGREEMENT** (the “**Agreement**”) is made and entered into by and between **TPP FRANCHISING LLC**, a Delaware limited liability company, with its principal business address at 12222 Merit Drive, Suite 1300, Dallas, Texas 75251 (“**we**,” “**us**,” or “**our**”), and \_\_\_\_\_, a \_\_\_\_\_ whose principal business address is \_\_\_\_\_ (“**you**” or “**your**”) as of the date signed by us on the signature page of this Agreement (the “**Effective Date**”).

### **1. GRANT OF FRANCHISE.**

#### **1A. BACKGROUND**

(1) We and our predecessors and affiliates have developed (and continue to develop and modify) a franchise system to establish, operate and promote distinctive recreational facilities featuring pickleball courts, merchandise, social games, food, non-alcohol and alcohol beverages and other related products services using the Marks (defined below) (each a “**Club**”).

(2) We and our affiliates use and promote, and license others to use and promote, certain trademarks, service marks and other commercial symbols in operating Clubs, which have gained and will continue to gain public acceptance and goodwill, and we and our affiliates may create, use, and license other trademarks, service marks and commercial symbols to identify the Clubs in the future (collectively, the “**Marks**”).

(3) Clubs will operate using distinctive and proprietary business formats, methods, procedures, designs, layouts, standards, and specifications, all of which we may improve, substitute, further develop, or otherwise modify from time to time (together, the “**System**”).

(4) We grant franchises to persons who meet our qualifications and are willing to undertake the investment and effort to own and operate a Club, and you have applied and been approved for a franchise to own and operate a Club.

#### **1B. GRANT AND TERM OF FRANCHISE.**

Subject to this Agreement’s terms, we grant you a franchise to use the System and the Marks to operate a Club (“**your Club**”) for a term beginning on the Effective Date and expiring ten (10) years from the Effective Date (the “**Term**”), unless this Agreement is sooner terminated as provided herein. You agree at all times faithfully, honestly, and diligently perform your obligations under this Agreement and to use your best efforts to promote your Club.

#### **1C. CORPORATION, LIMITED LIABILITY COMPANY, OR PARTNERSHIP.**

If you are a corporation, limited liability company, or general or limited partnership or other form of legal business entity (collectively, an “**Entity**”) you agree and represent that **Exhibit A** to this Agreement presents complete and accurate information about such Entity as of the Effective Date. You also agree and represent that you are validly existing and in good standing under the laws of the state of your incorporation or formation, and have the authority to execute this Agreement, and perform your obligations under this Agreement. You agree to maintain organizational documents at all times that state that this Agreement restricts the issuance and transfer of any of your ownership interests, and



all certificates and other documents representing your ownership interests will bear a legend referring to this Agreement's restrictions.

You must identify one of your owners on **Exhibit A** who is a natural person with at least a fifty-one percent (51%) ownership interest and voting power in you to act as your “**Principal Owner**” and supervise the day-to-day operation of your Club in accordance with Section 7A. You acknowledge and agree that your Principal Owner is authorized to deal with us on your behalf for all matters whatsoever that may arise with respect to your Club and/or this Agreement. Any decision made by the Principal Owner will be final and binding on you and we will be entitled to rely solely on the decision of the Principal Owner without discussing the matter with any other party. We will not be held liable for any actions based on any decisions or actions of the Principal Owner. You represent and agree that the person acting as your Principal Owner has full power and authority to enter into this Agreement and any other documents to which you are a party, and to make binding decisions on your behalf. The execution and delivery by your Principal Owner of this Agreement has been duly authorized by all requisite corporate action.

Each of your owners and their respective spouses must execute a guaranty in the form we prescribe, agreeing to be personally bound, jointly and severally, by all provisions of this Agreement and any ancillary agreements between you and us and/or our affiliates. Our current form of guaranty is attached hereto as **Exhibit B**.

If you are an Entity, your Club will be the only business that such Entity operates, unless we approve you to acquire and operate additional Clubs pursuant to additional Franchise Agreements between us and you.

#### **1D. PROTECTED TERRITORY.**

Subject to our reservation of rights in Section 1E below, and subject to your continued compliance with this Agreement, during the Term, neither we nor any of our affiliates will establish or operate or authorize any other person to establish or operate a Club in the area described in **Exhibit C** (the “**Protected Territory**”). If no geographic area is specified on **Exhibit C**, you have not been awarded any Protected Territory, and notwithstanding any other provision of this Agreement to the contrary, we and our affiliates reserve all rights not granted to you and we will not be limited with respect to the placement of Clubs and other businesses using the Marks, the sale of the same, similar or dissimilar products and services, and any other business activities in any manner or in any location whatsoever. If you have not selected a site for your Club as of the Effective Date, we reserve the right to define or modify your Protected Territory at the time the Premises is identified and approved by us.

#### **1E. RESERVATION OF TERRITORIAL RIGHTS.**

Other than your Protected Territory, you have no territorial protection and we and our affiliates retain all rights with respect to the placement of Clubs and other businesses using the Marks, the sale of the same, similar or dissimilar products and services, and any other business activities in any manner or in any location whatsoever, including, the right to:

- (1) establish and operate, and allow others to establish and operate, other Clubs using the Marks and the System, at any location outside the Protected Territory, on such terms and conditions we deem appropriate;

(2) establish and operate, and allow others to establish and operate, any other type business, including any business that may offer products and services which are identical to, similar to, or competitive with products and services offered by Clubs, under trade names, trademarks, service marks and commercial symbols other than the Marks, in any location;

(3) establish, and allow others to establish businesses and distribution channels other than a Club (including, selling products at retail or through any Online Presence, as defined in Section 5A), wherever located or operating, regardless of the nature or location of the customers with whom such other businesses and distribution channels do business, including businesses that operate under trade names, trademarks, service marks or commercial symbols that are similar to, the same, or competitive with the Marks, and/or that sell products or services that are similar to, the same, or competitive with, those that Clubs customarily sell;

(4) establish and operate, and allow others to establish and operate, any Club, or other business using the Marks and/or the System, and/or offering and selling any of the products or services that are similar to, the same, or competitive with those products or services offered by Clubs, at or through any nontraditional venues, including, temporary or seasonal facilities, outdoor parks or facilities, or business operated within any larger venue or closed market such as a stadium or entertainment center, in any location;

(5) be acquired by or acquire (whether through acquisition of assets, ownership interests or otherwise, regardless of the form of transaction), any other business, including businesses that operate or allow others to establish and operate businesses similar to, the same, or competitive with Clubs, in any location; and in the event of such an acquisition, the acquirer and its affiliates will have the right to continue to establish and operate, and authorize others to establish and operate, such businesses, in any location; and

(6) engage in all other activities not expressly prohibited by this Agreement.

## **2. ACQUIRING YOUR CLUB**

### **2A. SITE SELECTION.**

You must operate your Club at a specific address and location that you select and we accept (the “**Premises**”). You must use the Premises only for your Club. You must operate your Club only at the Premises. If you have already located a site for the Premises as of the Effective Date, and we have accepted the location, the specific address and location is identified on **Exhibit C**. If you have not yet located a site for the Premises as of the Effective Date, then you must select a suitable site for your Premises and obtain our acceptance of that site as your Premises. Unless you have our prior written approval to search for a proposed site outside of the site selection area designated on **Exhibit C** (the “**Site Selection Area**”), all site reports that you submit to us must be for a site within your Site Selection Area. You acknowledge and agree that you will receive no territorial protection of any kind in the Site Selection Area, or any other geographic area, other than your Protected Territory. We have the right to accept or reject the site of your Club before you sign any Lease (as defined in Section 2B) and before that site will be deemed your Premises under this Agreement. You agree to send us all of the information we require for the proposed site. We will make all determinations about whether to accept or reject a site based on our then-current criteria, which may change periodically. You may not relocate your Club to a location other than the Premises without our prior approval.

If we provide you any information regarding a site for the Premises or the Site Selection Area, such information is not a representation or warranty of any kind (express, implied or collateral) of the site's suitability for a Club or any other purpose. Our acceptance of your proposed site is not intended to be relied on by you as an indicator of likely success, but that we believe the site meets our then-current criteria, which we have established for our own purposes. Applying criteria that have appeared effective with other sites and premises might not accurately reflect the potential for all sites and premises, and demographic or other factors included in or excluded from our criteria could change, even after our acceptance of the Premises or your development of the Club, altering the potential of a site and premises. The uncertainty and instability of these criteria are beyond our control, and we are not responsible if a site and premises we accept fails to meet your expectations. You acknowledge and agree that your selection of any site as your Premises is based on your own independent investigation of the site's suitability.

## **2B. LEASE OF THE SITE**

After you obtain our acceptance of a site, you must execute a lease, sublease or other document that we approve to secure its possession (the "**Lease**"). If you have not yet located a site for the Premises as of the Effective Date, then after you secure possession of the site of the Premises we have accepted, we will insert its address on **Exhibit C**. The Lease must contain certain provisions we require, including collateral assignment of lease, pursuant to the form of lease rider attached as **Exhibit D** ("**Lease Rider**"). It is your sole responsibility to obtain a fully-executed Lease Rider in connection with executing your Lease. Our approval of your Lease is subject to our receipt of the Lease Rider in the form attached as **Exhibit D**, without modification or negotiation, executed by you and the landlord. The Lease Rider is intended to provide us certain protections under your Lease and may not benefit you or the landlord. We may reject any request for modifications to the Lease Rider for any reason.

You acknowledge and agree that you have the sole responsibility to negotiate and execute your Lease. If we or our affiliates provide you a form of Lease to execute, or any information, recommendations or assistance in negotiating or executing a Lease, it is not a representation by us or our affiliates of any kind (express, implied or collateral) that you should sign that Lease or that the terms of that Lease are favorable to you. You are solely responsible for ensuring that you are capable of meeting all terms and conditions set forth in your Lease, including the financial provisions applicable to rent and fees. You must deliver to us a fully executed copy of your Lease and Lease Rider within ten (10) days after its execution.

You must satisfy all of the obligations under Section 2A and this Section 2B to obtain our acceptance of a site that will be the Premises of your Club, secure possession of that site pursuant to the terms of a Lease we have approved, and deliver executed copies of that approved Lease and the Lease Rider, each within one hundred eighty (180) days after the Effective Date.

## **2C. DEVELOPMENT OF YOUR CLUB.**

We will provide you our then-current prototypical plans showing the standard layout and placement specifications for all required Operating Assets (as defined in Section 6B) as part of our Brand Standards Manual. You agree at your expense to do all things necessary and appropriate to develop and prepare your Club for opening in accordance with this Agreement and our System Standards (as defined in Section 4D), including that you must:

(1) obtain and submit to us for approval detailed construction plans and specifications and space plans for your Club that comply with any design specifications or prototypical plans provided by us and all applicable federal, state, or local law, code, or regulation, including those arising under the Americans with Disabilities Act or similar rules governing public accommodations for persons with disabilities, other applicable ordinances, building codes, permit requirements, and lease requirements and restrictions;

(2) obtain all required zoning changes, planning consents, building, utility, sign and business permits and licenses, and any other consents, permits and licenses necessary to lawfully open and operate your Club;

(3) construct all required improvements in compliance with construction plans and specifications approved by us;

(4) purchase and install all Operating Assets and decorate your Club, in all respects in compliance with System Standards; and

(5) obtain all customary contractors' sworn statements and partial and final waivers of lien for construction, remodeling, decorating and installation services.

You agree to use supplier(s) we approve or designate (which may include or be limited to us or our affiliates) for design, engineering, construction management and purchasing services in connection with the development of your Club. You must satisfy all of our System Standards for developing and opening a Club, and open your Club for business, by the earlier of: (i) one hundred and eighty (180) days after the Lease is executed, or (ii) two hundred and seventy (270) days from of the Effective Date. We must approve the date that you open your Club for business (the "**Opening Date**").

### **3. YOUR FEES TO US.**

#### **3A. INITIAL FRANCHISE FEE.**

You agree to pay us a nonrecurring initial franchise fee on the Effective Date (the "**Initial Franchise Fee**"). The Initial Franchise Fee will be \$45,000 for the 1<sup>st</sup> Club developed by you or your affiliates, \$35,000 for the 2<sup>nd</sup> Club developed by you or your affiliates, or \$25,000 for the 3<sup>rd</sup> or subsequent Club developed by you or your affiliates. The Initial Franchise Fee is fully earned by us on the Effective Date and is not refundable. You must pay us the Initial Franchise Fee by wire transfer of immediately available funds to an account we designate, or by any other method we specify.

#### **3B. ROYALTY FEE.**

You agree to pay us a weekly royalty fee (the "**Royalty**") equal to six percent (6%) of your Club's Gross Sales (as defined in Section 3C) for the preceding week on the date we specify.

#### **3C. GROSS SALES DEFINED.**

For purposes of this Agreement, "**Gross Sales**" means the total gross revenue or consideration derived from your sale of products and services and all other income of every kind and nature, directly or indirectly, from operating your Club, including the sale of Memberships (as defined in Section 7K), and all revenue or consideration you receive at or away from the Premises, and whether from cash,

check, credit and debit card, barter exchange, trade credit, or other credit transactions. There will be no deductions allowed for uncollected or uncollectible credit accounts and no allowances will be made for bad debts. Gross Sales includes the proceeds of any business interruption insurance or similar insurance. If we authorize you to display, promote, or otherwise sell any third-party advertising opportunities, including but not limited to, the sale or display of banners, signage, sponsorships, products, or other forms of third-party promotion, on the Premises of, or otherwise associated with, your Club, any and all revenue you derive from such arrangement shall be included in Gross Sales in accordance with our then-current guidelines. Further, if we authorize or require participation in online group-bought deals, gift certificate and/or gift card programs, the payments you receive for those online group-bought deals, gift certificates or gift cards will be included in Gross Sales in accordance with our then-current guidelines for calculating Gross Sales. Gross Sales does not include the amount of any tax imposed by any federal, state, municipal or governmental authority directly on sales and collected from customers if such tax is added to the selling price and actually paid by you to such governmental authority.

### **3D. TECHNOLOGY FEE.**

We may require you to pay a fee to us, or a service-provider we designate (which may be one of our affiliates) for technology related services, including website or email hosting, help desk support, software or website development, enterprise solutions and other services associated with your Computer System (as defined in Section 6B) and/or any Franchise System Website (as defined in Section 8G) (your “**Technology Fee**”). We may modify the amount of your Technology Fee periodically, in our discretion, up to \$500 per month during the first 5 years of operation of your Club, or up to \$1,000 per month after 5 years of operation of your Club. The Technology Fee is in addition to all direct out-of-pocket costs you must otherwise incur under the terms of this Agreement or the Brand Standards Manual to acquire, maintain, or service your Computer System. You must pay the Technology Fee at the times, and in the manner, designated by the provider of such services. We may require you to enter into a written agreement with the provider of any technology services, with terms and conditions we approve or require. If we travel to your Club to provide any technological support and/or installation services, you must also reimburse us for the costs we incur for such site visit, including travel, food and lodging, which amounts will not be subject to any cap.

The amount of your Technology Fee may be determined in part by factors that are unique to your Club (such as the number of email addresses we provide you and your employees). Different franchise owners may pay different Technology Fees based on the peculiarities of their businesses.

### **3E. INTEREST ON LATE PAYMENTS.**

All amounts that you owe us for any reason will bear interest accruing as of their original due date at the lesser of two percent (2%) per month or the maximum rate of interest permitted by law. We may debit your bank account automatically for service charges and interest. You acknowledge that this Section 3E is not our agreement to accept any payments after they are due or our commitment to extend credit to you or finance the operation of your Club.

### **3F. APPLICATION OF PAYMENTS.**

Despite any designation you make, we may apply any of your payments to us or our affiliates to any of your past due indebtedness to us or our affiliates. We may set off any amounts you or your owners owe us or our affiliates against any amounts we or our affiliates owe you or your owners. You

may not withhold payment of any amounts you owe us or our affiliates for any reason, including for any alleged nonperformance by us.

### **3G. METHOD OF PAYMENT.**

You must make all payments due under this Agreement in the manner we designate from time to time and you agree to comply with all of our payment instructions. All amounts payable by you or your owners to us or our affiliates must be in United States Dollars (\$USD).

You agree to sign and deliver to us the documents we require to authorize us to debit your business checking account automatically for any or all amounts due under this Agreement (the “**Pre-Authorized Debit Agreement**”). Such Pre-Authorized Debit Agreement will remain in full force and effect during the Term. Our current form of Pre-Authorized Debit Agreement is attached as **Exhibit E**, but we may periodically ask you to sign additional documents in connection with authorizing us to debit payments from your account, and you agree to do so promptly upon request. We or our designee will debit the business account you designate in the Pre-Authorized Debit Agreement for amounts you owe us on their due dates (or the next business day if the due date is a national or statutory holiday or a weekend). You must ensure that funds are available in your designated account to cover our withdrawals. If there are insufficient funds in your designated account to cover our withdrawals, we may charge you our then-current insufficient funds fee for each instance.

We may receive information regarding your Gross Sales through our access to the Computer System or we may require you to submit weekly Gross Sales reports in the format we require. If we ever stop having access to information from your Computer Systems, and you fail to report your Club’s Gross Sales when due, then for each payment due under this Agreement that is calculated based on Gross Sales, we may debit your business account one hundred ten percent (110%) of the average of the last three (3) applicable payments that we debited. If the amounts that we debit from your business account are less than the amounts you actually owe us (once we have determined your Club’s true and correct Gross Sales), we will debit your business account for the balance on any day we specify. If the amounts that we debit from your business account are greater than the amounts you actually owe us, we will credit the excess against the amounts we otherwise would debit from your business account on the next payment due date.

You must pay us the Royalty, Brand Fund Contribution and all other fees and amounts you owe us or our affiliates under this Agreement on the days and at the intervals that we specify. We may change the timing, frequency and intervals of any such payments from time to time, but with no less than thirty (30) days’ prior written notice to you.

## **4. TRAINING AND ASSISTANCE.**

### **4A. INITIAL AND ONGOING TRAINING.**

Prior to opening your Club, we will provide you (or if you are conducting business as an Entity, your Principal Owner) and up to two (2) additional attendees that we approve (one of which must be your Approved Manager, if applicable) (together, your “**Key Personnel**”) training in the material aspects of operating a Club (the “**Management Training Program**”). You may invite additional attendees to the Management Training Program if space allows, subject to our approval, and subject to all attendees participating at once. Your Key Personnel must satisfactory complete the Management Training Program prior to the Opening Date

We will determine the identity and composition of the trainer(s) conducting all portions of the Management Training Program in our discretion. We will provide the Management Training Program at the times and locations we determine, which may include conducting any portion of the Management Training Program online or via other virtual means. We will also determine the length and content of the Management Training Program. We reserve the right to vary the Management Training Program based on the experience and skill level of the individual(s) attending. Scheduling of the Management Training Program is based on your and our availability, training facility availability and the projected Opening Date for your Club. If any of your Key Personnel fail to satisfactorily complete the Management Training Program, then we reserve the right to require such person(s) to attend additional training at a time and location of our choice, and we will charge you our then-current training fee for such additional training. If your Key Personnel are unable to satisfactorily complete the Management Training Program, we reserve the right to terminate this Agreement.

If you appoint a new Approved Manager to supervise your Club at any time, or your Principal Owner changes at any time, he or she must attend the then-current Management Training Program within thirty (30) days of the appointment and you must pay our then-current training fee for such attendance.

If you and your Key Personnel complete the Management Training Program to our satisfaction and have not expressly informed us at the end of the Management Training Program that they do not feel sufficiently trained in the operation of a Club, then you and your Key Personnel will be deemed to have been trained sufficiently to operate a Club.

You may request additional training in the operation of a Club for any of your Key Personnel from time to time during the Term. If we agree to provide you such additional training, we and you will jointly determine the duration of this additional training, and we reserve the right to charge you our then-current training fee for such additional training. In addition, if we at any time and from time to time determine that you are not operating your Club in compliance with our System Standards, we may require additional training for your Key Personnel, and we reserve the right to charge you our then-current training fee for such additional training.

You have the ultimate and exclusive responsibility for ensuring that all of your employees and personnel are appropriately trained to operate the Club in accordance with this Agreement and our System Standards, regardless of any training or support that we provide, including the Management Training Program. We may periodically establish certain minimum requirements for your employee training programs, including minimum safety certifications or programs and/or requiring the Management Training Program for Key Personnel; however, you understand that these minimum requirements are solely intended to protect our System and the goodwill of the Marks.

During the Term, we may require you and your Key Personnel attend various franchisee conferences, meetings, trade shows, ongoing education or certification programs, and/or training courses or webinars at the times and locations designated by us, including as provided by third-parties we designate. These events and programs will be held at locations and times we designate. We may charge a fee associated with these events and programs, regardless of actual attendance.

You agree to pay all travel and living expenses (including, wages, transportation, food, lodging, and workers' compensation insurance) that you and your personnel incur during any and all meetings and/or training courses and programs of any kind, including the Management Training Program. You

are also responsible for the travel and living expenses and out-of-pocket costs we incur in sending our trainer(s) to your Club to conduct training, including food, lodging and transportation.

#### **4B. ON-SITE ASSISTANCE.**

We will provide on-site advice, guidance, and initial operations support in connection with your opening of the Club, at no fee to you. The number of days of on-site assistance will be determined by us in our sole discretion and which may not necessarily be consecutive. We will determine the identity and composition of the training team that we send in our discretion and may be comprised of only one person. You may request that we provide additional assistance on-site at your Club, and if we elect to provide any additional assistance on-site we reserve the right to charge our then current fee for such assistance. We are not required to provide on-site assistance to you and we may determine the amount (if any) that we will provide in our discretion.

Notwithstanding anything to the contrary in this Agreement, we will not be required to send any of our representatives to your Club to provide any training, assistance or services of any kind if, in our sole determination, it is unsafe to do so. Such determination by us will not relieve you from your obligations under this Agreement (including, without limitation, to pay monies owed) and will not serve as a basis for your termination of this Agreement.

#### **4C. GENERAL GUIDANCE.**

Subject to limitations on scheduling, availability and similar resources, we may provide you advice from time to time regarding your Club's operation, including advice regarding: (1) standards, specifications, and operating procedures and methods that Clubs use, including, facility appearance, guest service procedures, and quality control; (2) equipment and facility maintenance; and (3) advertising, marketing and branding strategies. Our advice and guidance will be furnished in the form of our Brand Standards Manual (as defined in Section 4D) and via telephone and/or consultation at our offices. If you request, and we agree to provide, additional or special guidance, assistance, or training, we may charge you our then-applicable fee, including our personnel's per diem charges and travel and living expenses. You understand and agree that any specific ongoing training or advice we provide does not create an obligation (whether by course of dealing or otherwise) to continue to provide such specific training or advice, all of which we may discontinue and modify from time to time.

#### **4D. BRAND STANDARDS MANUAL.**

We will make our brand standards for the operation of Clubs available to you during the Term, which may include one or more separate manuals, as well as electronic files and software, information available on an internet site, and other media, bulletins and/or other written materials (collectively, the "**Brand Standards Manual**"). The Brand Standards Manual contains the mandatory specifications, standards, operating procedures and rules that we periodically prescribe for operating Clubs in general or your Club in particular ("**System Standards**"), and other suggested specifications, standards and procedures, and information on your other obligations under this Agreement. We may modify the Brand Standards Manual periodically, including changes in System Standards. If there is a dispute over its contents, our master copy of the Brand Standards Manual will control. You agree that the Brand Standards Manual's contents are considered Confidential Information (as defined in Section 11) and that you will not disclose the Brand Standards Manual to any person other than any employee who needs to know its contents. You may not at any time copy, duplicate, record, or otherwise reproduce any part of the Brand Standards Manual without our approval.



At our option, we may make some or all of the Brand Standards Manual available through an Online Presence. If we do so, you agree to monitor and access that Online Presence for any updates to the Brand Standards Manual. Any passwords or other digital identifications necessary to access the Brand Standards Manual on any Online Presence will be deemed to be part of Confidential Information (as defined in Section 11 below).

## **5. INTELLECTUAL PROPERTY.**

### **5A. YOUR LICENSE.**

We grant you a non-exclusive license to use the Marks and the System to operate your Club, subject to the terms of this Agreement. Your right to use the Marks and the System is derived only from this Agreement, and you may use the Marks and the System only for your Club, and only according to this Agreement and in accordance with System Standards. You have no right to sublicense or assign your right to use the Marks or the System.

### **5B. USE OF MARKS.**

You agree at all times to faithfully, honestly, and diligently promote the Marks in connection with operating your Club. You agree to identify yourself as the independent owner of your Club in the manner we prescribe. You may not use any Mark (1) as part of any corporate or legal business name; (2) with any prefix, suffix, or other modifying words, terms, designs, or symbols (other than logos we have licensed to you); (3) in selling any unauthorized services or products; (4) as part of any website, domain name, email address, social media account, other online presence or presence on any electronic, virtual, or digital medium of any kind (“**Online Presence**”), except in accordance with our System Standards; (5) in advertising any prospective transfer that would require our approval under this Agreement; or (6) in any other manner that we have not expressly authorized in writing. You agree to give the notices of trademark registrations that we specify and to obtain any fictitious or assumed name registrations required under applicable law. You may not use any other trademarks, service marks or commercial symbols other than the Marks to identify or operate your Club.

### **5C. OWNERSHIP AND GOODWILL.**

We and/or our affiliates are the sole and exclusive owners of the Marks and the System and all goodwill arising from the Marks and the System. Your unauthorized use of the Marks or the System is a breach of this Agreement and infringes our and our affiliates’ intellectual property rights. Your unauthorized use of the Marks or the System will cause us and our affiliates irreparable harm for which there is no adequate remedy at law and will entitle us and our affiliates to injunctive relief. You acknowledge and agree that your use of the Marks and the System and any goodwill established by that use are exclusively for our and our affiliates’ benefit and this Agreement does not confer any goodwill or other interests in the Marks and the System to you or your affiliates, other than the right to operate your Club under this Agreement. All provisions of this Agreement relating to the Marks and the System apply to any changes and/or additions to the Marks or the System that we authorize from time to time. You may not at any time during or after the Term contest or assist any other person in contesting the validity of the Marks or the System or our or our affiliates’ rights to the Marks or the System.

## **5D. NOTIFICATION OF INFRINGEMENTS AND CLAIMS.**

You agree to notify us immediately of any apparent infringement or challenge to your use of any Mark or component of the System, or of any person's claim of any rights in any Mark or component of the System, and not to communicate with any person other than us, our attorneys, and your attorneys, regarding any possible infringement, challenge, or claim. We and/or our affiliates may take any action we deem appropriate (including no action) and exclusively control any litigation, U.S. Patent and Trademark Office proceeding, or other administrative proceeding arising from any infringement, challenge, or claim or otherwise concerning any Mark or the System. You agree to sign any documents and take any other reasonable action that, in the opinion of our attorneys, are necessary or advisable to protect and maintain our interests in any litigation or other proceeding or otherwise to protect and maintain our interests in any Mark and the System. We will reimburse you for your reasonable documented out-of-pocket costs of taking any action that we have asked you to take.

## **5E. CHANGES TO THE MARKS AND SYSTEM.**

You understand that the Marks and the System may evolve over time, including after you sign this Agreement. If we decide to modify, substitute, add or discontinue the use of any Marks or the System, you agree to make such modifications and updates as we specify and to comply with all other directions we give regarding the use of the Marks and the System in connection with your Club within a reasonable time after receiving notice from us. We are not required to reimburse you for any costs or expenses associated with making such changes, promoting a modified or substitute Mark, or for any loss of revenue due to any modified to the Marks or System.

## **5F. INDEMNIFICATION FOR USE OF MARKS.**

We agree to reimburse you for all damages and expenses that you incur in responding to any trademark infringement proceeding disputing your authorized use of any Mark under this Agreement, if you have timely notified us of the proceeding, and complied with our directions in responding to it and are otherwise in compliance with the terms and conditions of this Agreement. At our option, we and/or our affiliates may defend and control the defense of any proceeding arising from your use of any Mark under this Agreement. Our liability under this Section 5F will be limited to an aggregate amount not to exceed the amount actually collected by us from you as the Initial Franchise Fee.

## **6. SYSTEM STANDARDS.**

### **6A. COMPLIANCE WITH SYSTEM STANDARDS.**

You acknowledge and agree that operating and maintaining your Club according to System Standards is essential to preserve the goodwill of the Marks and all Clubs. Therefore, you agree at all times to operate and maintain your Club according to all of our System Standards, as we periodically modify and supplement them, even if you believe that a System Standard is not in the System's or your best interests. Although we retain the right to establish and periodically modify System Standards, you are solely responsible for the management and operation of your Club and for implementing and maintaining System Standards at your Club. As examples, without limitation, System Standards may regulate any one or more of the following:

- (1) amounts and types of Operating Assets and inventory you must purchase and/or maintain;

- (2) sales, marketing, advertising, and promotional campaigns, including prize contests, special offers and other national, regional or location marketing programs, and materials and media used in these programs;
- (3) use and display of the Marks at your Club and on uniforms, labels, forms, paper, products, and other supplies;
- (4) issuing and honoring gift cards, gift certificates and similar items, and participating in loyalty programs;
- (5) minimum staffing levels, qualifications, training, uniforms, and appearance (although you have sole responsibility and authority concerning all other matters relating to employees and personnel, including hiring and promotion, hours worked, rates of pay and other benefits, work assigned, the manner of performing work, and working conditions);
- (6) days and hours of operation;
- (7) customer service standards and policies, and participation in any quality assurance or customer satisfaction programs;
- (8) product and service offerings, memberships, and packages;
- (9) product and service development programs, including participation in market research and testing;
- (10) accepting credit and debit cards, other payment systems, currencies, and check verification services;
- (11) designated and approved suppliers of Operating Assets, inventory and other supplies;
- (12) bookkeeping, accounting, data processing, and recordkeeping systems and forms; formats, content, and frequency of reports to us of sales, revenue, financial performance, and condition; and
- (13) any other aspects of operating and maintaining your Club that we determine to be useful to preserve or enhance “The Pickle Pad” brand-image, and goodwill of the Marks and the System.

## **6B. OPERATING ASSETS.**

You agree to obtain and install the operating assets we designate from time to time as meeting our System Standards for quality, design, appearance, function, and performance (collectively, the “**Operating Assets**”), including: (i) the computer hardware, software, and point-of-sale system (collectively, the “**Computer System**”), and (ii) all other fixtures, furniture, equipment, furnishings, and signs and other products and services that that we approve for Clubs. If we designate or approve certain brands, types, and models of Operating Assets, you agree to purchase or lease only Operating Assets meeting the specifications we have designated or approved. We may also require you to purchase or lease the Operating Assets only from suppliers we have designated or approved (which

may include or be limited to us and/or our affiliates) in accordance with Section 7D. We may modify our designated or approved System Standards for Operating Assets from time to time and you agree to comply with our modified System Standards promptly after you receive notice.

#### **6C. CHANGES TO SYSTEM STANDARDS.**

You understand that the System will continue to evolve during the Term and the System Standards may change periodically. These modifications may obligate you to invest additional capital in your Club and/or incur higher operating costs. You agree to implement any changes to your Club in accordance with our System Standards within the time period we request, including by buying new Operating Assets, refurbishing or remodeling your Club, upgrading or replacing any or all of the Computer System, adding new products and services, or otherwise modifying the nature of your operations, as if part of this Agreement as of the Effective Date. You will be solely responsible for the costs of implementing all changes to your Club in accordance with the System Standards.

#### **6D. VARIATION IN SYSTEM STANDARDS.**

You further acknowledge and agree that complete and detailed uniformity might not be possible or practical under varying conditions, and that we specifically reserve the right to vary System Standards for any franchise owner based on the peculiarities of any condition that we consider important to that franchise owner's successful operation. We may choose not to authorize similar variations or accommodations to you or other franchise owners.

### **7. OPERATION OF YOUR CLUB.**

#### **7A. MANAGEMENT.**

Subject to the terms and conditions of this Agreement, you are solely responsible for the management, direction and control of your Club. You (or if you are conducting business as an Entity, your Principal Owner) must supervise the management and day-to-day operations of your Club on a full-time basis and continuously exert best efforts to promote and enhance your Club and the goodwill associated with the Marks. If you do not (or if you are conducting business as an Entity, your Principal Owner does not) wish to supervise the day-to-day operation of your Club, then you must obtain our approval of any management level employee and/or other person, agent, or management company that you wish to engage to supervise the management of your Club (your "**Approved Manager**"). We may establish conditions for approving any such Approved Manager in our discretion, which may include the completion of training, confirmation that it will have no competitive businesses activities, and/or execution of a non-disclosure agreement (that we approve or designate) or other covenants we require.

During any period in which no Approved Manager is approved (including because the Approved Manager resigns or otherwise indicates to us or you that he or she wishes to cease acting as your Approved Manager, or we disapprove of your Approved Manager for any reason), you (or if you are conducting business as an Entity, your Principal Owner) must supervise the day-to-day operations of your Club. Your Club must always be under the direct on-site supervision of one or more persons who we have approved.

## **7B. CONDITION AND APPEARANCE OF YOUR CLUB.**

During the Term you must regularly clean, repaint and repair the interior and exterior of the Premises, repair or replace damaged, worn out or obsolete Operating Assets and otherwise maintain the condition of your Club, the Premises and the Operating Assets to meet the highest standards of professionalism, cleanliness, sanitation, efficient, courteous service and pleasant ambiance. You must place or display at the Premises (interior and exterior) only those signs, emblems, designs, artwork, lettering, logos, and display and advertising materials that we from time to time approve. If you fail to maintain your Club in accordance with our System Standards, and do not complete any required maintenance in good faith and with due diligence for more than thirty (30) days after we notify you of the deficiency, we have the right, in addition to all other remedies, to enter the Premises and do any required maintenance or refurbishing on your behalf. You agree to reimburse us on demand for any expenses we incur in maintaining the Premises on your behalf.

## **7C. APPROVED PRODUCTS AND SERVICES.**

You agree that you will offer and sell at your Club the attractions, products, or services that we specify from time to time. You will offer and sell such approved attractions, products, or services only in the manner and at the locations we have prescribed and will not offer or sell any attractions, products, or services through alternative channels of distribution (including, the internet or retail stores) without our approval. You will not offer or sell any attractions, products, or services we have not approved at any location. If we at any time disapprove an attraction, product, or service, you will immediately discontinue offering or selling it at your Club.

Without limiting the foregoing, you acknowledge that as our System evolves, we may authorize one or more Clubs to offer additional, different, or modified attractions, products, or services, and we are under no obligation to authorize every Club to offer the same attractions, products, or services. We may condition our approval for you to offer or sell any such attractions, products, or services on our then-current criteria, and/or other additional terms and conditions that we establish.

If we at any time (including after our initial approval) determine that you fail to meet our System Standards for offering or selling any attractions, products, or services, we may permanently or temporarily terminate your right to offer or sell such attractions, products, or services; provided that nothing contained herein will be deemed a waiver of our right to terminate pursuant to Section 15B.

## **7D. APPROVED DISTRIBUTORS AND SUPPLIERS.**

We may designate, approve or develop System Standards for manufacturers, distributors and suppliers of products and services to your Club, which may be us or our affiliates (collectively, “**suppliers**”). You must purchase the products and services we periodically designate only from the suppliers we prescribe and only on the terms and according to the specifications we approve.

We may concentrate purchases with one or more suppliers for any reason, including to obtain lower prices, advertising support and/or services for any group of Clubs franchised or operated by us or our affiliates. We may also designate a single supplier for any product or service, or approve a supplier only for certain products or services, which may be us or our affiliates. You agree that we and/or our affiliates may derive consideration, revenue and profits based on your purchases (including from charging you for products and services we or our affiliates provide to you, and from promotional allowances, rebates, volume discounts and other payments, services or consideration we receive from

suppliers on the basis of sales to you or other franchise owners). We and/or any of our affiliates may retain and use such consideration, revenue and profit without restriction. We also reserve the right to charge suppliers a fee for the right to manufacture products for use in the Clubs.

If you would like us to consider approving a supplier that is not an approved supplier, you must submit your request in writing before purchasing any items or services from that supplier. We will make all determinations about whether to approve an alternative supplier in our sole discretion based on our then-current criteria, which may change from time to time. We may also refuse to consider and/or approve any proposed alternative supplier for any reason whatsoever. We reserve the right to charge you a fee if you ask us to evaluate any proposed alternative suppliers. We may, with or without cause, revoke our approval of any supplier at any time.

#### **7E. COMPLIANCE WITH LAWS AND GOOD BUSINESS PRACTICES.**

You must secure and maintain all required licenses, permits, and certificates relating to the operation of your Club and must at all times operate your Club in full compliance with all applicable laws, ordinances, and regulations. You agree to comply and assist us in our compliance efforts with any and all laws and regulations, including those relating to recreational facilities, minors and children, safety and sanitation, advertising, lending, occupational hazards, health and anti-discrimination, laws. You are solely responsible for ascertaining what actions must be taken by you to comply with all such laws, orders and/or regulations, and specifically acknowledge and agree that your indemnification responsibilities (as provided in Section 17D) apply to your obligations under this Section 7E.

Your Club must adhere to the highest standards of honesty, integrity, fair dealing and ethical conduct in all dealings with customers, suppliers, us and the public. You agree to refrain from any business or advertising practice which may injure our business and the goodwill associated with the Marks and other Clubs. Promptly upon receipt, you agree to provide us a copy of any and all notices you receive from any person, entity or governmental authority claiming that you (or your affiliates or representatives) have violated any laws, regulations, permits, licenses, agreements or other committed any other breach, default or violation in connection with your Club, and/or that any audit, investigation, or similar proceeding by any such person or governmental authority is pending or threatened against you on the basis of any of any the foregoing, including any default notices from any landlord or supplier, any violation notices from a health or safety regulatory board, and any customer complaints alleging violations or law, or which may otherwise adversely affect your operation or financial condition or that of your Club.

#### **7F. INFORMATION SECURITY**

You may from time to time have access to information that can be used to identify an individual, including names, addresses, telephone numbers, e-mail addresses, employee identification numbers, signatures, passwords, financial information, billing and payment information, biometric or health data, and government-issued identification numbers (“**Personal Information**”). You may gain access to such Personal Information from us, our affiliates, our vendors, and/or your own operations. You acknowledge and agree that all Personal Information (other than Restricted Data, defined below) is our Confidential Information and is subject to the protections in Section 11.

During and after the Term, you (and if you are conducting business as an Entity, each of your owners) agree to, and to cause your respective current and former employees, representatives, affiliates, successors and assigns to: (a) process, retain, use, collect, and disclose all Personal

Information only in strict accordance with all applicable laws, regulations, orders, the guidance and codes of practice issued by industry or regulatory agencies, and the privacy policies and terms and conditions of any applicable Online Presence; (b) assist us with meeting our compliance obligations under all applicable laws, regulations, and orders relating to Personal Information, including the guidance and codes of practice issued by industry or regulatory agencies; and (c) promptly notify us of any communication or request from any customer or other person to access, correct, delete, opt-out of, or limit activities relating to any Personal Information.

If you become aware of a suspected or actual breach of security or unauthorized access involving Personal Information, you will notify us immediately and specify the extent to which Personal Information was compromised or disclosed. You also agree to follow our instructions regarding curative actions and public statements relating to the breach. We reserve the right to conduct a data security and privacy audit of any of your Club and your Computer Systems at any time.

Notwithstanding anything to the contrary in this Agreement or otherwise, you agree that we do not control or own any of the following Personal Information (collectively, the “**Restricted Data**”): (a) any Personal Information of the employees, officers, contractors, owners or other personnel of you, your affiliates, or your Club; (b) such other Personal Information as we from time to time expressly designate as Restricted Data; and/or (c) any other Personal Information to which we do not have access. Regardless of any guidance we may provide generally and/or any specifications that we may establish for other Personal Information, you have sole and exclusive responsibility for all Restricted Data, including establishing protections and safeguards for such Restricted Data; provided, that in each case you agree to comply with all applicable laws, regulations, orders, and the guidance and codes of practice issued by industry or regulatory agencies applicable to such Restricted Data.

#### **7G. EMPLOYEES, AGENTS & INDEPENDENT CONTRACTORS.**

You acknowledge and agree that you are solely responsible for all decisions relating to employees, agents, and independent contractors that you may hire to assist in the operation of your Club. You agree that any employee, agent or independent contractor that you hire will be your employee, agent or independent contractor, and not our employee, agent or independent contractor. You also agree that you are exclusively responsible for the terms and conditions of employment of your employees, including recruiting, hiring, firing, training, compensation, benefits, work hours and schedules, work assignments, methods and manner of performing duties, safety and security, discipline, and supervision. You agree to manage the employment functions of your Club in compliance with federal, state, and local employment laws. Without limiting the foregoing, you agree that we may require that any employee, agent, or independent contractor that you hire and that will have access to Confidential Information execute a non-disclosure agreement that we approve or designate. If we approve or designate any form of non-disclosure agreement, it is solely to ensure that it meets our minimum standards to protect us and the Marks and System, it is your sole responsibility to: (a) ensure that the non-disclosure agreement complies with and is enforceable under applicable laws in your jurisdiction; and (b) obtain your own professional advise with respect to the terms and provisions of any such non-disclosure agreement that your employees, agents, and independent contractors sign.

#### **7H. INSURANCE.**

During the Term you must maintain in force at your sole expense the types and amounts of insurance that we require and that comply with the terms of your Lease. We reserve the right to require

that you obtain all or a portion of your insurance policies from a designated supplier and on the terms and according to the specifications we approve. The liability insurance must cover claims for bodily and personal injury, death, and property damage caused by or occurring in connection with your Club's operation or activities of your personnel in the course of their employment. All of these policies must contain the minimum coverage we prescribe from time to time and must have deductibles not to exceed the amounts we specify. We may periodically increase the amounts of coverage required under these insurance policies and/or require different or additional insurance coverages (including reasonable excess liability insurance) at any time. These insurance policies must be purchased from licensed insurers having a rating of "A/VIII" or higher by the then-current edition of Best Insurance Reports published by A.M. Best Company (or other similar publication or criteria we designate).

Each insurance policy for liability coverage must name us and any affiliates we designate as additional named insureds, using a form of endorsement that we have approved, and provide for thirty (30) days' prior written notice to us of a policy's material modification, cancellation or expiration. Each insurance policy must contain a waiver of all subrogation rights against us, our affiliates and their successors and assigns. You must routinely furnish us copies of your Certificates of Insurance or other evidence of your maintaining this insurance coverage and paying premiums. If you fail or refuse to obtain and maintain the insurance we specify, in addition to our other remedies including termination, we may (but are not required to) obtain such insurance for you and your Club on your behalf, in which event you agree to cooperate with us and reimburse us on demand for all premiums, costs and expenses we incur in obtaining and maintaining the insurance, plus a reasonable fee.

Our requirements for minimum insurance coverage are not representations or warranties of any kind that such coverage is sufficient for your Club's operations. Such requirements represent only the minimum coverage that we deem acceptable to protect our interests. It is your sole responsibility to obtain insurance coverage for your Club that you deem appropriate, based on your own independent investigation. We are not responsible if you sustain losses that exceed your insurance coverage under any circumstances.

## **7I. LIABILITY WAIVERS.**

You must obtain a signed liability release and waiver (a "**Liability Waiver**") from every customer of your Club (and in the case of any customer that is a minor, from an authorized parent or guardian of that minor) before they enter the recreational areas of the Premises or participate in any recreational services or activities. We must approve the form of Liability Waiver that you will use before you begin to use it with any customers, and we reserve the right to regulate the form of Liability Waiver and to be a third-party beneficiary of that Liability Waiver. We may disapprove any Liability Waiver at any time, and you must update your Liability Waiver periodically to meet our then-current standards.

You acknowledge and agree that if we approve or regulate the terms of any Liability Waiver it is not a representation by us or our affiliates of any kind (express, implied or collateral) that the Liability Waiver complies with all applicable laws in any particular jurisdiction, is enforceable in any particular jurisdiction, or is in any other manner sufficient to protect you or you or your Club from potential liability. Our approval or regulation of the Liability Waiver is strictly to ensure it meets our standards, which we have established for our own purposes. You are solely responsible for obtaining your own professional advice with respect to the adequacy of the terms and provisions of any Liability Waiver, and its compliance with any applicable laws in your specific jurisdiction.



You must maintain each signed Liability Waiver in your records for the longer of: (i) the Term of the Agreement; or (ii) the statute of limitations on personal injury claims in the state in which your Club operates plus 180 days. We reserve the right to request copies of any or all executed Liability Waivers signed by customers of your Club.

## **7J. PRICING.**

Unless prohibited by applicable law, we may periodically set a maximum or minimum price that you may charge for products and services offered by your Club. If we impose such a maximum or minimum price for any product or service, you may charge any price for the product or service up to and including our designated maximum price or down to and including our designated minimum price. The designated maximum and minimum prices for the same product or service may, at our option, be the same. For any product or service for which we do not impose a maximum or minimum price, we may require you to comply with an advertising policy adopted by us which will prohibit you from advertising any price for a product or service that is different than our suggested retail price. Although you must comply with any advertising policy we adopt, you will not be prohibited from selling any product or service at a price above or below the suggested retail price unless we impose a maximum price or minimum price for such product or service.

## **7K. MEMBERSHIPS.**

We reserve the right to authorize or require you to sell membership rights for your Club (“**Memberships**”) after your Opening Date. You must not offer or sell any Memberships prior to your Opening Date. All Memberships must be evidenced by a written agreement (a “**Membership Agreement**”) and must not be for a term that extends beyond the expiration of this Agreement. When selling Memberships, you will use the form of Membership Agreement that we will provide to you, and you will not make any modifications in the form without our prior written consent. Notwithstanding the foregoing, you acknowledge that you are responsible for ensuring that the Membership Agreement complies with all applicable laws for your Club and you may modify the Membership Agreement to the extent necessary to comply with such applicable laws, provided that you provide us with immediate notice of all such modifications.

You agree to comply with the System Standards we establish from time to time regarding Memberships, including System Standards for: (1) the types and terms of Memberships you may offer; (2) the form(s) of Membership Agreement; (3) the terms and conditions upon which a member may transfer his or her Membership from your Club to another Club and vice versa; (4) admission of members of your Club to other Clubs; (5) procedures to follow when members transfer to or from your Club; (6) use and acceptance of coupons, passes, and certificates; (7) group accounts and group Memberships (and discounts applicable thereto); and (8) payment terms for Memberships. Notwithstanding the foregoing, you will be solely responsible for complying with all applicable laws and regulations relating to your offer and sale of Memberships, the terms of any Membership Agreement, and any other operations of your Club relating to Memberships, and you agree that you will fully comply with all such laws and regulations. If you believe that the laws applicable to your Club will prevent you from complying with our System Standards, you agree to notify us promptly.

At our request from time to time, you must send us a list of your members and all other information we specify. You agree that we own all information relating to your members, such as member names, addresses, telephone numbers, e-mail addresses, buying habits, preferences, demographic information, and related information (“**Membership Information**”) and that such Membership Information comprises part of the Confidential Information which you are licensed to use

under this Agreement. We may use and disclose such Membership Information in our and their business activities in our discretion. We may also contact any member(s) of your Club at any time for any purpose. Also, if we are contacted by a member of your Club who wishes to lodge a complaint, we reserve the right to address the member's complaints in order to preserve goodwill and prevent damage to the Marks. Our right to address complaints may include refunding money to the complaining member, in which case you must reimburse us for these amounts.

We may modify the types and terms of Memberships to be offered, terminate your right to offer certain types of Memberships, and/or approve or require other types of Memberships for sale. We may suspend, revoke, or terminate your right to offer Memberships at any time.

## **8. MARKETING.**

### **8A. GRAND OPENING ADVERTISING.**

You must spend at least Twenty Five Thousand Dollars (\$25,000) for a grand opening marketing program for your Club to take place on the dates we designate before and after your Club opens. You must spend this amount in addition to all other amounts you must spend on advertising specified in this Agreement. The amount you spend on grand opening advertising will not count towards your Local Advertising Expenditure (defined in Section 8B), or your Maximum Advertising Expenditure (defined in Section 8F). You agree to use the media, materials, programs and strategies we develop or approve in connection with the grand opening advertising program.

### **8B. YOUR ADVERTISING.**

You are solely responsible for conducting all local advertising for your Club. You must advertise and market your Club in any advertising medium we determine, using forms of advertisement we approve. You must also list your Club with the online directories and subscriptions we periodically prescribe (such as Yelp® and Google®), and/or establish any other Online Presence we require. You must comply with all of our System Standards for your advertising. Your advertising, promotion, and marketing must be completely clear, factual, and not misleading and conform to the highest standards of ethical advertising, the System Standards, and any marketing and the advertising and marketing policies that we prescribe.

You must spend an amount that we designate from time to time to advertise and promote your Club (the "**Local Advertising Expenditure**"). We may change the amount of your Local Advertising Expenditure from time to time, subject to your Maximum Advertising Expenditure (as defined in Section 8F). We will determine what type of expenditures that will count towards your Local Advertising Expenditure. Indirect costs you incur in managing your local advertising campaigns, such as salaries and benefits of employees administering the campaigns, will not be counted towards your Local Advertising Expenditure. Additionally, any costs you incur for advertising conducted at the Premises, such as in-store materials and signage, will not be counted towards your Local Advertising Expenditure. On our request, you agree to send us, in the manner we prescribe, an accounting of your Local Advertising Expenditures during the preceding months.

We reserve the right to require you to pay part or all of the Local Advertising Expenditure to us or our designee. If we exercise this option, we will contribute the amount you pay us to the Brand Fund (as defined in Section 8D). We may at any time, on one or more occasions, cease collecting all

or part of the Local Advertising Expenditure or change the proportion of the Local Advertising Expenditure that you must pay us or our designees.

#### **8C. APPROVAL OF ADVERTISING.**

At least thirty (30) days before you intend to use them, you agree to send us samples of all advertising, promotional and marketing materials that we have previously not approved. If we do not approve of the materials within fourteen (14) days of our receipt of such materials, then they will be deemed disapproved. You may not use any advertising, promotional, or marketing materials that we have not approved or have disapproved.

#### **8D. BRAND FUND.**

We have established a brand promotion fund (the “**Brand Fund**”) to administer certain advertising, marketing, and public relations programs for The Pickle Pad system and brand and the promotion of Club. You hereby agree to contribute to the Brand Fund the amount that we determine from time to time (the “**Brand Fund Contribution**”). We may modify the amount of the Brand Fund Contribution from time to time with notice to you, provided that the aggregate total of the Brand Fund Contribution, Local Advertising Expenditure, and Local Advertising Cooperative Contribution (defined below) together does not exceed the Maximum Advertising Expenditure (defined below). The Brand Fund Contribution must be paid by you in the manner we designate from time to time, which may include collecting amounts in the same manner as the Royalty.

We will have exclusive control over all programs and services administered by the Brand Fund, with sole discretion over the creative concepts, materials, and campaigns and their geographic market, media placement and allocation. The Brand Fund may pay for preparing and producing video, audio, and written materials and electronic media; developing, implementing, and maintaining any Online Presences or other software or applications; administering advertising and marketing campaigns; administering regional and multi-regional marketing and advertising programs; using advertising, promotion, and marketing agencies and other advisors to provide assistance; supporting public relations, market research, and other advertising, promotion, and marketing strategy or implementation activities; and/or any other expenditures that are directly or indirectly related to promoting the Marks, the System, the brand, and/or Clubs. We may also use the Brand Fund to pay for the Brand Fund’s other administrative and overhead costs, including the reasonable salaries and benefits of personnel who manage and administer the Brand Fund, and any other expenses that we or our affiliates incur that are related to administering or directing the Brand Fund and its programs. We may also elect to use (but will not have the obligation to use) the Brand Fund to pay for or reimburse franchisees for so costs they may incur for promoting their Clubs and/or complying with updated branding guidelines. We may modify Brand Fund programs, services, or expenditures at any time in our sole discretion.

The purpose of the Brand Fund is to promote the Marks, the System, the brand, and Clubs generally. As such, you acknowledge and agree that there is no guarantee that you or your Club will benefit from Brand Fund expenditures directly or in proportion to your Brand Fund Contribution. You further acknowledge and agree that the results of any marketing and promotional programs are by their nature uncertain, and that neither we nor any of our affiliates or representatives has guaranteed the results of any Brand Fund programs, services, or expenditures in any manner.

We will account for the Brand Fund separately from our other funds. However, neither we nor any of our affiliates has any fiduciary obligation to you or any other person for administering the Brand

Fund or for any other reason. The Brand Fund may spend in any fiscal year more or less than the total Brand Fund Contributions in that year, borrow from us or others (paying reasonable interest) to cover deficits, or invest any surplus for future use. We will prepare an annual, unaudited statement of Brand Fund collections and expenses and give you the statement on written request, within 120 days after the end of each fiscal year, but not less than 30 days' notice from you of such request. We may have the Brand Fund audited annually, at the Brand Fund's expense, by an independent chartered accountant. We may also administer the Brand Fund through a separate entity whenever we deem appropriate, and such entity will have all of the rights and duties specified in this Section.

We have the right, but no obligation, to use collection agents and institute legal proceedings to collect Brand Fund Contributions at the Brand Fund's expense. We may also forgive, waive, settle, and compromise all claims by or against the Brand Fund in our sole discretion.

We may at any time, on 30 days' prior written notice to you, reduce or suspend Brand Fund Contributions and/or operations of the Brand Fund for one or more periods of any length and terminate (and, if terminated, reinstate) the Brand Fund and associated Brand Fund Contributions. If we terminate the Brand Fund, we will spend the remaining balance of the monies in the Brand Fund in accordance with this Section until such amounts are exhausted. We may elect to maintain multiple Brand Funds or the administration thereof, whether determined by geographic region, country, or otherwise, or consolidate or merge multiple Brand Funds or the administration thereof, in each case provided that each such Brand Fund will otherwise remain subject to this Section.

#### **8E. LOCAL ADVERTISING COOPERATIVE.**

You agree that we or our affiliates or designees may establish or direct the establishment of a local advertising cooperative ("**Local Advertising Cooperative**") in geographical areas (as determined by us) in which two (2) or more Clubs are operating. The Local Advertising Cooperative will be organized and governed by written documents in a form and manner, and begin operating on a date, that we determine in advance. We will approve all terms and conditions for the operation and administration of the Local Advertising Cooperative at the time it is established. We may change, dissolve, merge and reinstate any Local Advertising Cooperatives. Each Local Advertising Cooperative's purpose is to administer advertising programs and develop advertising, marketing and promotional materials for the area that the Local Advertising Cooperative covers, in accordance with our System Standards.

If we have established a Local Advertising Cooperative for the geographic area in which your Club is located, as of the time you sign this Agreement, or if we establish a Local Advertising Cooperative in that area during the Term, you must to sign the documents we require to become a member of the Local Advertising Cooperative and to participate in the Local Advertising Cooperative as we require, including by contributing your share to such Local Advertising Cooperative ("**Local Advertising Cooperative Contribution**"). The amount of your Local Advertising Cooperative Contribution will be determined when the Local Advertising Cooperative is established, subject to your Maximum Advertising Expenditure. Your Local Advertising Cooperative Contribution will be payable in the same manner as the Royalty.

The Local Advertising Cooperative Contributions will be accounted for separately by us from our other funds and will not be used to defray any of our general operating expenses. You agree to submit to us and the Local Advertising Cooperative any reports that we require. You understand and acknowledge that your Club might not benefit directly or in proportion to its Local Advertising

Cooperative Contribution. Local Advertising Cooperatives for Clubs will be developed separately and no Local Advertising Cooperative will be intended to benefit the others. We will have the right, but not the obligation, to use collection agents and to institute legal proceedings to collect a Local Advertising Cooperative Contributions on behalf of and at the expense of the Local Advertising Cooperative and to forgive, waive, settle and compromise all claims by or against the Local Advertising Cooperative.

#### **8F. MAXIMUM ADVERTISING EXPENDITURE**

The combined Brand Fund Contribution, Local Advertising Expenditure and Local Advertising Cooperative Contribution that we impose will not exceed five percent (5%) of your Club's Gross Sales (the "**Maximum Advertising Expenditure**"). We reserve the right, on sixty (60) days written notice to change the amount of the Brand Fund Contribution, Local Advertising Expenditure or Local Advertising Cooperative Contribution so long as any change does not result in a combined Brand Fund Contribution, Local Advertising Expenditure and Local Advertising Cooperative Contribution greater than the Maximum Advertising Expenditure.

#### **8G. FRANCHISE SYSTEM WEBSITE.**

We may establish, acquire, or host any website(s) to advertise, market, and promote Clubs, the products and services that they offer and sell, and/or a Club franchise opportunity (a "**Franchise System Website**"). We may (but are not required to) provide you with a webpage on a Franchise System Website that references your Club. If we provide you with a webpage on a Franchise System Website, you must: (i) provide us the information and materials we request to develop, update, and modify your webpage; (ii) notify us whenever any information on your webpage is not accurate; and (iii) if we give you the right to modify your webpage, notify us whenever you change the content of your webpage. We will own all intellectual property and other rights in all Franchise System Websites, including your webpage and all information it contains (including the domain name, any associated email address, any website analytical data, and any personal or business data that visitors supply). Even if we provide you a webpage on a Franchise System Website, we will only maintain that webpage while you are in full compliance with this Agreement and all System Standards we implement. If you are in default of any obligation under this Agreement or our System Standards, then we may temporarily remove your webpage from any Franchise System Website until you fully cure the default. We will permanently remove your webpage from all Franchise System Websites upon this Agreement's expiration or termination.

We may require you to provide notice of any Franchise System Website in the advertising, marketing, and promotional materials that you develop for your Club in the manner we designate. We reserve the sole right to sell the products sold by Clubs through any Online Presence.

We reserve the right to require you to obtain from us and use an email address associated with our registered domain name. If we require you to obtain and use such an email address, you must do so according to our then-current System Standards. You acknowledge and agree that we will have unrestricted access to and sole ownership of all such email accounts, and all documents, data, materials, and messages shared from or by such accounts. We may deactivate any such account or limit your or your users' access to it at any time. We reserve the right to charge you a fee for each email address we provide you as part of the Technology Fee.

Except as provided above, or as approved by us in writing or in the Brand Standards Manual, you may not develop, maintain or authorize any Online Presence that mentions your Club, links to any Franchise System Website or displays any of the Marks, or engage in any promotional or similar activities, whether directly or indirectly, through any Online Presence. If we approve the use of any such Online Presence in the operation of your Club, you will develop and maintain such Online Presence only in accordance with our guidelines, including our guidelines for posting any messages or commentary on other third-party websites, including preparing and linking a privacy policy to such Online Presence that complies with all applicable laws, our System Standards, and other term and conditions that we may prescribe in writing. We will own the rights to each such Online Presence. At our request, you agree to grant us access to each such Online Presence, and to take whatever action (including signing assignment or other documents) we request to evidence our ownership of such Online Presence, or to help us obtain exclusive rights in such Online Presence.

#### **8H. CONTACT INFORMATION AND LISTINGS.**

You agree that, as between us and you, we reserve the right to all telephone numbers, online listings, and/or any other type of contact information or directory listing for your Club or that you use in the operation or promotion of your Club (collectively, the “**Contact Information**”). The Contact Information may be used only for your Club in accordance with this Agreement and our System Standards and for no other purpose. We reserve the right to notify any telephone company, listing agencies, website hosting company, domain registrar, social network, and any other third-party owning or controlling any Contact Information, if any information relating to your Club is inaccurate or violates our System Standards, and request that they modify such Contact Information, and/or remove such Contact Information until it can be corrected.

#### **8I. THIRD-PARTY ADVERTISEMENTS.**

You may not offer or sell any third-party advertising opportunities, including but not limited to, the sale or display of banners, signage, sponsorships, products, or other forms of third-party promotion, on the Premises of, or otherwise associated with, your Club, without our prior written approval, pursuant to Section 8C of this Agreement. We may revoke such approval at any time, upon notice to you.

### **9. RECORDS, REPORTS, AND FINANCIAL STATEMENTS.**

You must use the Computer System to maintain certain sales data, customer information and other information. You agree that we will have access to your Computer System at all times and that we will have the right to collect and retain from the Computer System any and all data concerning your Club. At our request, you agree to sign a release with any supplier of your Computer System, providing us with such access to the Computer System as we may request from time to time. If such supplier is not willing to grant us independent access for any reason, you agree to provide us access to your Computer System through your account.

You agree to establish and maintain at your own expense a bookkeeping, accounting, and recordkeeping system conforming to the requirements and formats we prescribe from time to time. We may require that you hire a service-provider that we designate as your provider of accounting, payroll and/or bookkeeping services. If we designate a service-provider for accounting, payroll and/or bookkeeping services, you agree to cooperate with such service-provider and provide such service-

provider with all information you would appropriately provide us under this Section 9. Each month, you agree to generate, in the manner and format that we may prescribe from time to time, an income statement (including a standard chart of the accounts designated by us) for your Club covering the most recently completed month. On our request, you agree to send us such statements. You also agree to give us in the manner and format that we prescribe from time to time:

- (a) on or before each Royalty payment, a report on your Club's Gross Sales during the applicable reporting period;
- (b) within fifteen (15) days after the end of each calendar month, the operating statements, financial statements, statistical reports and other information we request regarding your Club covering the preceding month;
- (c) within the time limits specified in the Brand Standards Manual, such other periodic operating statements, financial statements, statistical reports and other information we request regarding you and your Club;
- (d) by March 15th of each year, annual profit and loss and source and use of funds statements and a balance sheet for your Club as of the end of the prior calendar year; and
- (e) within ten (10) days after our request, exact copies of federal and state income tax returns, tax returns for sales, or similar taxes, and any other forms, records, books, and other information we may periodically require relating to you and your Club.

An officer must certify and sign each report and financial statement. We may disclose data derived from these reports, although we will not without your consent (unless required by law) disclose your identity in any materials that we circulate publicly.

Subject to applicable law, you agree to preserve and maintain all records in a secure location at your Club for at least five (5) years (including, but not limited to, sales checks, purchase orders, invoices, payroll records, customer lists, check stubs, tax records and returns for sales, or similar taxes, cash receipts journals, cash disbursement journals, and general ledgers). We may require you to have audited financial statements prepared annually during the Term.

## **10. INSPECTIONS AND AUDITS.**

### **10A. OUR RIGHT TO INSPECT YOUR CLUB.**

To determine whether you and your Club are complying with this Agreement and all System Standards, we and our designated agents or representatives may at any time and without prior notice to you: (1) inspect your Club; (2) photograph your Club and observe and videotape your Club's operation for consecutive or intermittent periods we deem necessary; (3) continuously or periodically monitor your Club using electronic surveillance or other means; (4) remove samples of any products and supplies; (5) speak with your Club's personnel and customers; (6) inspect your Computer System, including hardware, software, security, configurations, connectivity, and data access; and (7) inspect and copy any books, records, and documents relating to your Club's operation. Additionally, we may engage third parties to conduct mystery shopper, customer survey or other market research testing, and quality assurance inspections at your Club. You agree to cooperate with us fully during the course of

these inspections and tests. You agree to reimburse us for the cost of any mystery shoppers that we engage to inspect your Club from time to time.

If we determine after any inspection of your Club that one or more failures of System Standards exist, or any circumstance exists that prevent us or our designated representatives from properly inspecting any or all your Club (including if you or your personnel refuse entry to the Premises), we may re-inspect your Club one or more times thereafter to evaluate whether such failures have been cured and/or conduct any other follow-up review that we deem is necessary, and you will reimburse all of our costs associated with the failed audit and/or such re-inspections and follow-up visits, including supplier fees, travel expenses, room and board, and compensation of our employees. These remedies are in addition to our other remedies and rights under this Agreement and applicable law.

#### **10B. OUR RIGHT TO AUDIT.**

We may at any time during your business hours, and without prior notice to you, examine your and your Club's business, bookkeeping, and accounting records, tax records and returns for income, sales, excise, or similar taxes, and other records. You agree to cooperate fully with our representatives and independent accountants in any examination. If any examination discloses an understatement of your Club's Gross Sales, you agree to pay us the Royalty, Brand Fund Contribution, and any other fees understated, plus interest on the understated amounts from the date originally due until the date of payment, within fifteen (15) days after receiving the examination report. Furthermore, if an examination is necessary due to your failure to furnish reports, supporting records, or other information as required, or to furnish these items on a timely basis, or if our examination reveals an understatement of Gross Sales exceeding three percent (3%) of the amount that you actually reported to us for the period examined, you agree to reimburse us on demand for the costs of the examination, including attorney and independent accountants and the travel expenses, room and board, and compensation of our employees. These remedies are in addition to our other remedies and rights under this Agreement and applicable law.

#### **11. CONFIDENTIAL INFORMATION.**

In connection with your franchise under this Agreement, you and your owners and personnel may from time to time be provided and/or have access to non-public information about the System and the operation of Clubs, including information arising from your Club (the "**Confidential Information**"), including: (1) training programs and operations materials (including the Brand Standards Manual); (2) the System Standards and the System; (3) market research and marketing strategies (including expansion strategies and targeted demographics); (4) specifications for, suppliers of, and methods of ordering, products and services (including, Operating Assets); (5) any software or technology which is proprietary to us or the System, including digital passwords and identifications and any source code of, and data and reports generated by the software or similar technology; (6) the operating results and financial performance of Clubs; (7) information generated by, or used or developed in, any Club's operation, including information relating to customers such as names, addresses, telephone numbers, e-mail addresses, buying habits, preferences, demographics and related information; and (8) any other information designated as confidential or proprietary by us.

All Confidential Information will be owned by us (other than Restricted Data, as defined in Section 7F). You acknowledge and agree that: (i) you will not acquire any interest in any of our Confidential Information, other than the right to use it as we specify in operating your Club during the Term, and (ii) our Confidential Information is proprietary, includes our trade secrets, and is disclosed



to you only on the condition that you will protect it. You acknowledge that any unauthorized use or disclosure of our Confidential Information would be an unfair method of competition and a breach of trust and confidence and will result in irreparable harm to us and our affiliates. You (and if you are conducting business as an Entity, each of your owners) therefore agree that during and after the Term you will, and will cause each of your respective current and former spouses, immediate family members, owners, officers, directors, employees, representatives, affiliates, successors and assigns to:

- (a) process, retain, use, collect, and disclose our Confidential Information strictly to the limited extent, and in such a manner, as necessary for the development and operation of the Club in accordance with this Agreement, and not for any other purpose of any kind;
- (b) process, retain, use, collect, and disclose our Confidential Information strictly in accordance with the privacy policies and System Standards we establish from time to time, and our and our representative's instructions;
- (c) keep confidential and not disclose, sell, distribute, or trade our Confidential Information to any person other than those of your employees and representatives who need to know such Confidential Information for the purpose of assisting you in operating the Club in accordance with this Agreement; and you agree that you will be responsible for any violation of this requirement by any of your representatives or employees;
- (d) not make unauthorized copies of any of our Confidential Information;
- (e) adopt and maintain administrative, physical and technical safeguards to prevent unauthorized use or disclosure of any of our Confidential Information, including by establishing reasonable security and access measures, restricting its disclosure to Key Personnel, and/or by requiring persons who have access to such Confidential Information to be bound by contractual obligations to protect such Confidential Information and preserve our rights and controls in such Confidential Information, in each case that are no less protective or beneficial to us than the terms of this Agreement (and we reserve the right to designate or approve the form of confidentiality agreement that you use); and
- (f) at our request, destroy or return any of the Confidential Information.

Confidential Information does not include information, knowledge, or know-how, which is lawfully known to the public without violation of applicable law or an obligation to us or our affiliates.

We are not making any representations or warranties, express or implied, with respect to the Confidential Information. We and our affiliates have no liability to you and your affiliates for any errors or omissions from the Confidential Information.

All ideas, concepts, techniques, or materials relating to a Club and/or the System created by you, your owners or your employees (or for you, your owners or your employees), whether or not protectable intellectual property, must be promptly disclosed to us and will be our sole and exclusive property, part of the System, and works made-for-hire for us. To the extent that any item does not qualify as a "work made-for-hire" for us, you hereby waive all moral rights in that item, assign ownership of that item, and all related rights to that item, to us and agree to take whatever action (including signing assignment or other documents) we request to evidence our ownership or to help us obtain intellectual property rights in the item.

## **12. EXCLUSIVE RELATIONSHIP.**

### **12A. COVENANTS AGAINST COMPETITION.**

You acknowledge that we have granted you a franchise in consideration of and reliance on your agreement to deal exclusively with us. You (and if you are conducting business as an Entity, each of your owners) therefore agree not to and to cause each of your respective spouses, immediate family members, affiliates, successors, and assigns not to:

- (a) have any direct or indirect interest as an owner (whether of record, beneficially, or otherwise), investor, partner, director, officer, employee, consultant, lessor, representative, or agent in any Competitive Business (as defined below), wherever located or operating (except that equity ownership of less than five percent (5%) of a Competitive Business whose stock or other forms of ownership interest are publicly traded on a recognized United States stock exchange will not be deemed to violate this subparagraph);
- (b) perform services or act as a director, officer, manager, employee, consultant, lessor, representative, or agent for a Competitive Business, wherever located or operating; or
- (c) divert or attempt to divert any actual or potential business or customer of any Club to a Competitive Business.

You agree to obtain similar covenants and covenants of confidentiality from your personnel as we specify, including officers, directors, managers, and other employees attending our Management Training Program or having access to Confidential Information. We have the right to regulate the form of agreement that you use and to be a third-party beneficiary of that agreement with independent enforcement rights.

The term “**Competitive Business**” means any business (excluding any Club operated under a franchise agreement with us or our affiliate) operating or granting franchises or licenses to others to operate any recreational facility or similar business that: (i) features pickleball courts, and/or other attractions, products, or services substantially similar to those offered by Clubs; and/or (ii) that derives more than 20% of its gross revenue from parties and events.

### **12B. NON-INTERFERENCE.**

During and after the Term, you (and if you are conducting business as an Entity, each of your owners) further agree not to, and to cause your respective current and former spouses, immediate family members, owners, officers, directors, employees, representatives, affiliates, successors and assigns not to solicit, interfere, or attempt to interfere with our or our affiliates’ relationships with any customers, franchisees, lenders, suppliers, or consultants.

### **12C. NON-DISPARAGEMENT.**

During and after the Term, you (and if you are conducting business as an Entity, each of your owners) agree not to, and to cause your respective current and former spouses, immediate family members, owners, officers, directors, employees, representatives, affiliates, successors and assigns not to: (i) disparage or otherwise speak or write negatively, directly or indirectly, of us, our affiliates, any of our or our affiliates’ directors, officers, employees, representatives or affiliates, “The Pickle Pad”

brand, the System, any Club, any business using the Marks, or any other brand concept operated or franchised by us or our affiliates; (ii) take any other action which would, directly or indirectly, subject any of the foregoing to ridicule, scandal, reproach, scorn, or indignity, or which would negatively impact or injure the goodwill of the System or the Marks; or (iii) take any other action which would constitute an act of moral turpitude and/or is or could reasonably become the subject of public scandal, disrepute, or infamy.

### **13. TRANSFER.**

#### **13A. BY US.**

You acknowledge that we maintain a staff to manage and operate the franchise system and that staff members can change as employees come and go. You acknowledge that you did not sign this Agreement in reliance on the continued participation by or employment of any of our shareholders, directors, officers, or employees. We may change our ownership or form of organization and/or assign this Agreement and any other agreement to a third party without restriction or your consent. After our assignment of this Agreement to a third party who expressly assumes the obligations under this Agreement, we will be released and will no longer have any obligations or liabilities under this Agreement. This Agreement and any other agreement will inure to the benefit of any transferee or other legal successor to our interest in it.

#### **13B. BY YOU.**

You acknowledge that the rights and duties this Agreement creates are personal to you and your owners, and that we have granted you the franchise in reliance on our perception of your and your owners' individual or collective character, skill, aptitude, attitude, business ability, and financial capacity. Accordingly, none of the following may be transferred, mortgaged, pledged, or encumbered, without our prior written approval: (i) this Agreement or any interest in this Agreement; (ii) your Club or any right to receive all or a portion of your Club's profits or losses or capital appreciation; (iii) substantially all of the assets of your Club; or (iv) any direct or indirect ownership interest in you. A transfer of your Club's ownership, possession, or control, or substantially all of its assets, may be made only with a transfer of this Agreement. Any transfer or attempt to transfer any of the foregoing (including by listing any of the following for sale on any directory or listing) without our approval has no effect. In this Agreement, the term "**transfer**" includes a voluntary, involuntary, direct, or indirect assignment, sale, gift, or other disposition, including transfer by reason of merger, consolidation, issuance of additional securities, death, disability, divorce, insolvency, encumbrance, foreclosure, surrender or by operation of law.

Notwithstanding anything in this Section 13B to the contrary, if you enter into this Agreement as an individual, if you are in full compliance with this Agreement, you may transfer this Agreement to an Entity in which you maintain management control, and of which you own and control 100% of the equity and voting power of all issued and outstanding ownership interests; provided, that (i) that Entity will own all of your Club's assets, and will conduct all of your Club's business, (ii) that Entity will conduct no business other than your Club, (iii) that Entity must expressly assume all of your obligations under this Agreement, (iv) you provide us with all organizational documents for the Entity that we require, and (v) you reimburse us for any direct costs we incur in processing such transfer, including attorneys' fees. You agree to remain personally liable under this Agreement as if the transfer to the Entity did not occur, including by signing a personal guaranty of the obligations of such entity. You must also sign the form of consent to assignment and assignment satisfactory to us which may

include a release of any and all claims (except for claims which cannot be released or waived pursuant to an applicable franchise law statute) against us and our affiliates, and our and their owners, officers, directors, employees and agents.

### **13C. CONDITIONS FOR APPROVAL OF TRANSFER.**

Subject to the other provisions of this Section 13, we will approve a transfer that meets all of the following requirements before or concurrently with the effective date of the transfer:

(1) you submit an application in writing requesting our consent and providing us all information or documents we request about the proposed transfer, the transferee, and its owners that we request, and each such person must have completed and satisfied all of our application and certification requirements;

(2) you provide us executed versions of any documents executed by you (or your owners) and transferee (and its owners) to effect the transfer, and all other information we request about the proposed transfer, and such transfer meets all of our requirements, including terms, closing date, purchase price, amount of debt and payment terms, and we have determined that the purchase price and payment terms of the transfer will not adversely affect the transferee's operation of your Club;

(3) you (and your owners) and the transferee (and its owners) sign all of the documents we are then requiring in connection with a transfer, in a form satisfactory to us, including: (i) a release of any and all claims (except for claims which cannot be released or waived pursuant to an applicable franchise law statute) against us and our affiliates and our and their owners, officers, directors, employees, and agents, and (ii) covenants that you and your transferring owners agree to satisfy all post-termination obligations under this Agreement;

(4) you and your owners have not violated any provision of this Agreement or any other agreement with us or our affiliates during both the sixty (60) day period before you requested our consent to the transfer and the period between your request and the effective date of the transfer, including that you have paid all Royalties, Brand Fund Contributions, and other amounts owed to us, our affiliates, and third-party suppliers, and have submitted all required reports and statements;

(5) the transferee and its Key Personnel satisfactorily complete our then-current Management Training Program;

(6) if the proposed transfer (including any assignment of the Lease or subleasing of the Premises) requires notice to or approval from your landlord, or any other action under the terms of the Lease, you have taken such appropriate action and delivered us evidence of the same;

(7) the transferee must (if the transfer is of this Agreement or your Club), sign our then-current form of franchise agreement and related documents, any and all of the provisions of which may differ materially from any and all of those contained in this Agreement, including the Royalty and the Brand Fund Contribution; provided, however, that the term of the new franchise agreement signed will equal the remainder of the then-remaining Term;

(8) the transferee must (if the transfer is of an ownership interest in you or your owners), and/or any other parties that are direct or indirect owners of the transferee must (if the transfer is of this Agreement or your Club), sign our then-current form of guaranty, agreeing to be personally bound, jointly and severally, by all provisions of this Agreement and any ancillary agreements between you and us;

(9) other than for a transfer of a non-controlling interest in you, you pay us a transfer fee equal to \$15,000;

(10) if you or your owners finance any part of the purchase price, you and/or your owners agree that all of the transferee's obligations under promissory notes, agreements, or security interests reserved in your Club are subordinate to the transferee's obligation to pay Royalties, Brand Fund Contributions, and other amounts due to us, our affiliates, and third-party suppliers to the Club and otherwise to comply with this Agreement;

(11) you have corrected any existing deficiencies of your Club of which we have notified you, and/or the transferee agrees to upgrade, remodel, and refurbish your Club in accordance with our then-current requirements and specifications for Clubs within the time period we specify following the date of the transfer and the transferee agrees to escrow an amount we approve for payment of the required upgrade, remodel or refurbishment; and

(12) you provide us the evidence we reasonably request to show that appropriate measures have been taken to effect the transfer as it relates to the operation of the Club, including, by transferring all necessary and appropriate business licenses, insurance policies, and material agreements, or obtaining new business licenses, insurance policies and material agreements.

We may review all information regarding your Club that you give the transferee, correct or supplement any information that we believe is inaccurate or incomplete, and give the transferee copies of any reports that you have given us or we have regarding your Club.

Our consent to a transfer pursuant to this Section is not a representation of the fairness of the terms of any contract between you and the transferee, a guarantee of your Club's or transferee's prospects of success, or a waiver of any claims we have against you (or your owners) or of our right to demand the transferee's full compliance with this Agreement.

### **13D. OUR RIGHT OF FIRST REFUSAL.**

If you or any of your owners at any time decide to sell any of the following: (i) this Agreement (or any interest in this Agreement); (ii) your Club (or any right to receive all or a portion of your Club's profits or losses or capital appreciation); (iii) substantially all of the assets of your Club; or (iv) any direct or indirect ownership interest in you, you agree to obtain a bona fide executed written offer, relating to the proposed transfer from a responsible and fully disclosed buyer and send to us a true and complete copy of that written offer. The offer must include details of the payment terms of the proposed sale and the sources and terms of any financing for the proposed purchase price. To be a valid, bona fide offer, the proposed purchase price must be in a dollar amount, and the proposed buyer must submit with its offer an earnest money deposit equal to 5% or more of the offering price. We may also require you to send us copies of any materials or information sent to the proposed buyer or transferee regarding the possible transaction.

We may elect to purchase the interest offered for the price and on the terms and conditions contained in the offer, provided that:

- (1) we notify you or your selling owner(s) that we intend to purchase the interest within thirty (30) days after we receive a copy of the offer and all other information we request;
- (2) we may substitute cash for any form of payment proposed in the offer (such as ownership interests in a privately-held entity);
- (3) our credit will be deemed equal to the credit of any proposed buyer (meaning that, if the proposed consideration includes promissory notes, we or our designee may provide promissory notes with the same terms as those offered by the proposed buyer);
- (4) we will have an additional sixty (60) days to prepare for closing after notifying you of our election to purchase; and
- (5) we must receive, and you and your owners agree to make, all customary representations and warranties given by the seller of the assets of a business or the ownership interests in any legal business entity, as applicable, including representations and warranties regarding: (a) ownership and condition of and title to ownership interests and/or assets; (b) liens and encumbrances relating to ownership interests and/or assets; and (c) validity of contracts and the liabilities, contingent or otherwise, of the entity whose assets or ownership interests are being purchased.

We have the unrestricted right to assign any or all of this right of first refusal to a third party, who then will have the rights described in this Section 13D.

If we do not exercise our right of first refusal, you or your owners may complete the sale to the proposed buyer on the original offer's terms, but only if we otherwise approve the transfer in accordance with Sections 13B and 13C above, and if you and your owners and the transferee comply with the conditions in Sections 13B and 13C above.

If you do not complete the sale to the proposed buyer within sixty (60) days after we notify you that we do not intend to exercise our right of first refusal, or if there is a material change in the terms of the sale (which you agree to tell us promptly), we or our designee will have an additional right of first refusal on the same terms as described above.

### **13E. YOUR DEATH OR DISABILITY.**

On the death or disability of you (or if you are an Entity, any of your owners), such person's executor, administrator, conservator, guardian, or other personal representative must transfer such person's interest in this Agreement, the Club, or ownership interest in you, to a third party (which may be such person's heirs, beneficiaries, or devisees). That transfer must be completed within a reasonable time, not to exceed nine (9) months from the date of death or disability, and is subject to all of the terms and conditions in this Section 13 (except that any transferee that is the spouse or immediate family member of the deceased, will not have to pay the transfer fee described in Section 13C(9) if the transfer meets all the other conditions in Section 13C, and the transferee reimburses us for any direct costs we incur in connection with documenting and otherwise processing such transfer, including reasonable attorneys' fees). The term "**disability**" means a mental or physical disability, impairment,

or condition that is reasonably expected to prevent or actually does prevent such person from fulfilling such person's respective duties under this Agreement, as applicable.

In the event of the death of you (if you are an individual) or your Principal Owner (if you are an Entity), if your Club is not otherwise being managed by an Approved Manager, the deceased person's executor, administrator, conservator, guardian, or other personal representative must within a reasonable time, not to exceed fifteen (15) days from the date of death or disability, appoint a manager who we approve and who has completed our then-current Management Training Program to supervise the day-to-day operations of your Club under the terms of this Agreement. If your Club is not being managed properly at any time, in our sole judgment, we may, but need not, operate the Club on an interim basis (or appoint a third party to operate the Club on an interim basis) in accordance with Section 16A.

#### **14. RENEWAL OF YOUR FRANCHISE.**

##### **14A. YOUR RIGHT TO RENEW YOUR FRANCHISE.**

Upon expiration of the Term, you may renew your franchise to operate your Club for one successive term of ten (10) years, if you meet the following conditions:

- (1) if you are renewing your franchise upon the expiration of the Term, you must have given us written notice of your election no more than five hundred forty (540) days and no less than one hundred eighty (180) days before the expiration of the Term;
- (2) you (and each of your owners) have substantially complied with this Agreement and all System Standards during the Term;
- (3) you maintain possession of and agree to remodel and/or expand your Club, add or replace improvements and Operating Assets, and otherwise modify your Club as we require to comply with System Standards then-applicable for new Clubs, or, at your option, you secure substitute premises that we approve and you develop those premises according to System Standards then-applicable for Clubs;
- (4) you and your owners sign the franchise agreement and all other ancillary documents and guaranties we then use to grant franchises for Clubs (modified as necessary to reflect the fact that it is for a renewal franchise), which may contain provisions that differ materially from those contained in this Agreement, including changes to your Royalty and Brand Fund Contribution;
- (5) you and your owners agree to sign, in a form satisfactory to us, a general release of any and all claims (except for claims which cannot be released or waived pursuant to an applicable franchise law statute) against us and our shareholders, officers, directors, employees, agents, successors, and assigns;
- (6) you pay us a renewal fee equal to 25% of our then-current Initial Franchise Fee;  
and
- (7) at the time you give us written notice of your election to acquire a renewal franchise, we are then-offering franchises for Clubs in your geographic market area.

If you and/or your owners fail to meet the conditions set forth in this Section 14A, you acknowledge that we are not required to offer you a renewal franchise, whether or not we had, or chose to exercise, the right to terminate this Agreement during its term under Section 15B.

If you fail to provide us the written notice of renewal as required under this Section, or you notify us that you do not intend to renew your franchise for the Club, or we notify you that we will not grant you a renewal franchise for the Club, then you must immediately cease to sell Memberships.

#### **14B. ACQUIRING A RENEWAL FRANCHISE.**

If we agree to grant you a renewal franchise after we receive your notice that you wish to renew your franchise upon the expiration of the Term, our notice may describe certain remodeling, maintenance, expansion, improvements, technology upgrades, trade dress updates, and/or modifications required to bring your Club into compliance with then-applicable System Standards for new Clubs, and state the actions you must take to correct operating deficiencies and the time period in which you must correct these deficiencies. If our notice states that you must remodel your Club and/or must cure certain deficiencies of your Club or its operation as a condition to our granting you a renewal franchise, and you fail to complete the remodeling and/or to cure those deficiencies, we may give you written notice of our decision not to grant a renewal franchise upon expiration of the Term, or to revoke any approval of such a renewal franchise we may have awarded. If you fail to notify us of your election to acquire a renewal franchise within the prescribed time period, we need not grant you a renewal franchise.

#### **15. TERMINATION OF AGREEMENT.**

##### **15A. TERMINATION BY YOU – OUR BREACH.**

You may terminate this Agreement if you and your owners are in full compliance with this Agreement and we materially fail to comply with this Agreement, and (i) we fail to correct the failure within thirty (30) days after you deliver written notice of the material failure to us, or (ii) if we cannot correct the failure within thirty (30) days, we fail to give you reasonable evidence of our effort to correct the failure within a reasonable time. Your termination under this Section 15A will be effective thirty (30) days after you deliver to us the written notice of termination.

##### **15B. TERMINATION BY US – YOUR BREACH.**

We may terminate this Agreement, effective immediately on delivery of written notice of termination to you, if:

(1) you or any of your owners or affiliates have made or make any material misrepresentation or omission in acquiring the franchise or operating your Club;

(2) you fail to satisfy all of your development obligations specified in this Agreement, including obtaining our approval prior to opening your Club, and open your Club for business by the deadline specified in Section 2C;

(3) you do not obtain lawful possession of a Premises we have approved and deliver to us a fully executed copy of the Lease and Lease Rider we have approved for such Premises, in each case by the deadline set forth in 2B;



(4) you abandon or fail to actively operate your Club for more than two (2) consecutive days of operation or seven (7) days of operation in the aggregate during any twelve-month period, or you provide us or any other party notice (written or oral) that you intend to permanently close or otherwise abandon the operation of your Club;

(5) you or any of your owners make or attempt to make any transfer in violation of Section 13;

(6) your Key Personnel do not satisfactorily complete the Management Training Program in accordance with Section 4A;

(7) you or any of your owners are or have been convicted by a trial court of, or pleaded guilty or no contest to, an indictable or hybrid offense;

(8) you or any of your owners or affiliates fail to pay us or our affiliates any amounts due and do not correct the failure within ten (10) days after we deliver written notice of that failure to you;

(9) you or any of your owners or affiliates fail to pay any other third-party, including the lessor of your Premises, any other amounts owed in connection with your Club when due, and do not cure such failure within any applicable cure period granted by such third-party;

(10) you fail to maintain the insurance we require and do not correct the failure within ten (10) days after we deliver written notice of that failure to you;

(11) an event of default occurs under the terms of your Lease, your Lease is terminated by either party thereto, or you otherwise lose the right to occupy the Premises, whether or not through any fault of yours;

(12) you or any of your owners or affiliates knowingly make any unauthorized use or disclosure of any Confidential Information;

(13) you violate any of your obligations under Section 12 of this Agreement;

(14) you violate any health, safety, or sanitation law, ordinance, or regulation, or operate your Club in an unsafe manner, and do not begin to cure the violation immediately, and correct the violation within seventy-two (72) hours after you receive notice from us or any other party, even if any applicable governmental authority issuing you notice of your failure has granted you a longer period of time to cure;

(15) you create or allow to exist any condition in connection with your operation of your Club that we reasonably determine to present an immediate health or safety concern for the Club's customers or employees;

(16) you have insufficient funds in your designated account to cover your payments owed for Royalties, Brand Fund Contributions and other amounts due on three (3) separate occasions within a twelve (12) month period;

(17) you understate your Club's Gross Sales three (3) times or more during the Term or by more than three percent (3%) on any one occasion;

(18) you or any of your owners make an assignment for the benefit of creditors or admit in writing your insolvency or inability to pay your debts generally as they become due; you or any of your owners consent to the appointment of a receiver, trustee, or liquidator of all or the substantial part of your property;

(19) your Club or any of its assets are attached, seized, subjected to a writ or distress warrant, or levied on, unless the attachment, seizure, writ, warrant, or levy is vacated within thirty (30) days; or any order appointing a receiver, trustee, or liquidator of your Club is not vacated within thirty (30) days following the order's entry;

(20) your or any of your owners' assets, property, or interests are blocked under any law, ordinance, or regulation relating to terrorist activities, or you or any of your owners otherwise violate any such law, ordinance, or regulation;

(21) you breach this Agreement on three (3) or more occasions within any twelve (12) consecutive month period, whether or not you correct the failures; or

(22) you or your owners breach any other provision under this Agreement, or any other agreement between you or any of your owners or affiliates, and us or our affiliates, and such breach has not been cured within thirty (30) days after written notice from us.

If you terminate this Agreement other than according to Section 15A, the termination will be deemed a termination without cause and a breach of this Agreement.

## **16. RIGHTS AND OBLIGATIONS UPON TERMINATION OR EXPIRATION.**

### **16A. INTERIM OPERATIONS.**

We have the right but not the obligation to enter the Premises and operate the Club on an interim basis, or to appoint a third party to operate the Club on an interim basis, if: (1) you abandon or fail actively to operate your Club; or (2) this Agreement expires or is terminated and we are transitioning your Club operations to us or another person we designate, or determining whether to do so.

If we elect to operate your Club on any interim basis, you must cooperate with us and our designees, continue to support the operations of the Club, and comply with all of our instructions and System Standards, including making available any and all books, records, and accounts. You understand and acknowledge that during any such interim period, you are still the owner of the Club, and you continue to bear sole liability for any and all accounts payable, obligations, and/or contracts, including all obligations under the Lease and all obligations to your vendors and employees and contractors, unless and until we expressly assume them in connection with the purchase of the Club under Section 16E. You understand that we are not required to use your employees, vendors, or contractors to operate the Club. You also agree that we may elect to cease such interim operations of the Club at any time with notice to you.

All funds from your Club's operation while we or our designee operate it will be accounted for separately, and all expenses will be deducted from that amount (including any applicable, Royalty, Brand Fund Contributions, and other amounts due to us or our affiliates, and our then-current fee for our interim services, plus our and our designee's direct out-of-pocket costs and expenses). If we or our designee operate the Club on an interim basis, you acknowledge that we or our designee will have a duty to utilize only reasonable efforts and will not be liable to you or your owners for any debts, losses, or obligations your Club incurs, or to any of your creditors for any supplies, products, or other assets or services your Club purchases, while we or our designee manage it.

Our decision to operate the Club on an interim basis will not affect our right to terminate this Agreement under Section 15B. Your indemnification obligations set forth under Section 17D will continue to apply during any period that we or our designee operate the Club on an interim basis.

#### **16B. PAYMENT OF AMOUNTS OWED TO US.**

You agree to pay us the Royalties, Brand Fund Contributions, interest and late fees, and all other amounts owed to us and our affiliates within fifteen (15) days after this Agreement expires or is terminated, calculated as of the date of payment. We have the right to set off any amount you or your owners owe us or our affiliates against any amounts we or our affiliates owe you, your owners or your affiliates. You acknowledge that termination or expiration of this Agreement does not affect your liability for amounts you or your owners or affiliates owe any third-parties or creditors and we do not assume any such liabilities.

#### **16C. LOST REVENUE DAMAGES**

If we terminate this Agreement because of your breach or if you terminate this Agreement without cause, you and we agree that it would be difficult, if not impossible, to determine the amount of damages that we would suffer due to the loss or interruption of the revenue stream we otherwise would have derived from your continued payment of Royalties, and that the Brand Fund and Local Advertising Cooperatives would have otherwise derived from your continued contributions to those funds, through the remainder of the Term. Therefore, you and we agree that a reasonable estimate of such damages, less any cost savings we might have experienced (the "**Lost Revenue Damages**"), is an amount equal to the net present value of the Royalties, Brand Fund Contributions and Local Advertising Cooperative Contributions that would have become due had this Agreement not been terminated, from the date of termination to the earlier of: (a) 2 years following the date of termination, or (b) the scheduled expiration of the Term. For the purposes of this Section 16C, Royalties, Brand Fund Contributions and Local Advertising Cooperative Contributions will be calculated based on the average monthly Gross Sales of your Club during the 12 full calendar months immediately preceding the termination date; provided, that if as of the termination date, your Club has not been operating for at least 12 months, Royalties, Brand Fund Contributions and Local Advertising Cooperative Contributions will be calculated based on the average monthly Gross Sales of all Clubs operating under the Marks during the our fiscal year immediately preceding the termination date.

You agree to pay us Lost Revenue Damages within 15 days after this Agreement is terminated. You and we agree that the calculation described in this Section 16C is a calculation only of the Lost Revenue Damages and that nothing herein shall preclude or limit us from proving and recovering any other damages caused by your breach of the Agreement.

## 16D. DE-IDENTIFICATION.

Upon termination or expiration of this Agreement, you and your owners must immediately:

(a) close the Club for business to customers and cease to directly or indirectly sell any products and services of any kind and in any manner from the Club and/or using the Marks, unless we direct you otherwise in connection with our exercise of our option to purchase pursuant to Section 16E;

(b) cease to directly or indirectly use any Mark, any colorable imitation of a Mark, any other indicia of a Club, or any trade name, trade-mark, service mark or other commercial symbol that indicates or suggests a connection or association with us, in any manner or for any purpose;

(c) cease to directly or indirectly identify yourself or your business as a current or former Club or as one of our current or former franchise owners (except in connection with other Clubs you operate in compliance with the terms of a valid Franchise Agreement with us) and take the action required to cancel or assign all fictitious or assumed name or equivalent registrations relating to your use of any Mark;

(d) if we do not exercise our option to purchase the Club, promptly and at your own expense, remove all materials bearing our Marks and remove from both the interior and exterior of the Premises all materials and components of our trade dress as we determine to be necessary to avoid any association between the Premises and our System or that would, in any way, indicate that the Premises are or were associated with our brand or the System;

(e) cease using and, at our direction, either disable or transfer, assign or otherwise convey to us full control of all Contact Information and Online Presences that you used to operate your Club or that displays any of the Marks or any reference to the franchise system (provided that all liabilities and obligations arising from any such Contact Information or Online Presence prior to the date of the transfer, assignment or conveyance to us will remain your sole responsibility in all respects, and any costs we incur in connection therewith will be indemnifiable under Section 17D);

(f) return to us or destroy (as we require) all items, forms and materials containing any Mark or otherwise identifying or relating to a Club, including copies of any and all Confidential Information (including the Brand Standards Manual and any and all customer data or other information from your Computer System); and

(g) comply with all other System Standards we establish from time to time (and all applicable laws) in connection with the closure and de-identification of your Club, including as it relates to disposing of Personal Information, in any form, in your possession or the possession of any of your employees.

If you fail to take any of the actions or refrain from taking any of the actions described above, we may take whatever action and sign whatever documents we deem appropriate on your behalf to cure the deficiencies, including, without liability to you or third parties for trespass or any other claim, to enter the Premises and remove any signs or other materials containing any Marks from your Club. You must reimburse us for all costs and expenses we incur in correcting any such deficiencies. You

hereby appoint us your true and lawful attorney-in-fact to take such actions and execute such documents on your behalf as may be required to effect the foregoing purposes.

## **16E. OUR RIGHT TO PURCHASE YOUR CLUB.**

We have the option to purchase any or all of the assets of your Club, including your Premises (if you or one of your owners or affiliates owns the Premises) upon the termination or expiration of this Agreement. We may exercise this option by giving you written notice within thirty (30) days after the date of such termination or expiration. We have the unrestricted right to assign this option to purchase. If we purchase your Club and/or the Premises, we are entitled to all customary warranties and representations, including representations and warranties as to ownership and condition of and title to assets; liens and encumbrances on assets; validity of contracts and agreements; and liabilities affecting the assets, contingent or otherwise.

If you lease the Premises from an unaffiliated lessor, or if we choose not to purchase the Premises from you (or one of your owners or affiliates owning the Premises), you agree, at our election to (i) assign your Lease to us or our designee, (ii) enter into a sublease with us or our designee for the remainder of the Lease term on the same terms (including renewal options) as the Lease, or (iii) lease the Premises to us or our designee for an initial term of 5 years with, at our option, up to 3 additional terms of 5 years each, on commercially reasonable terms that we approve.

We or our designee will pay the purchase price for the Club and/or Premises (calculated as described below) at the closing, which will take place not later than sixty (60) days after the purchase price is determined, although we or our designee may decide after the purchase price is determined not to purchase your Club and/or the Premises. We may set off against the purchase price, and reduce the purchase price by, any and all amounts you or your owners owe us or our affiliates. At the closing, you agree to deliver to us or our designee:

- (a) good and merchantable title to the assets purchased, free and clear of all liens and encumbrances (other than liens and security interests acceptable to us), with all taxes paid by you, including sales, goods and services, harmonized sales, use, value added, retailer's excise, or similar taxes;
- (b) any and all of your Club's licenses and permits which may be assigned or transferred; and
- (c) the ownership interest or leasehold interest (as applicable) in the Premises and improvements or a lease assignment or lease or sublease, as applicable.

If you cannot deliver clear title to all of the purchased assets, or if there are other unresolved issues, we and you will close the sale through an escrow. You and your owners further agree to execute releases, in a form satisfactory to us, of any and all claims (except for claims which cannot be released or waived pursuant to an applicable franchise law statute) against us and our owners, officers, managers, employees, agents, successors and assigns.

If we purchase any or all of the assets of your Club upon termination or expiration of this Agreement, the purchase price for such assets will be their reasonable fair market value, provided that these items will not include any value for the rights granted by this Agreement, any goodwill

attributable to our Marks, brand image, other intellectual property, any participation in the network of Clubs, or any other value of your business as a going concern.

If we and you cannot agree on fair market value, fair market value will be determined by two independent accredited appraisers, one of whom is selected by us and one of whom is selected by you, which appraisers will conduct an appraisal and, in doing so, be bound by the criteria for the purchase price described above. If the fair market values determined by the two independent accredited appraisers are within 10% of one another, the purchase price will be the average of the two values. If the fair market values determined by the two independent accredited appraisers are not within 10% of one another, the two independent accredited appraisers will select a third independent accredited appraiser to calculate the fair market value of the assets. If a third independent accredited appraiser is appointed, the purchase price for the assets will be the average of the value calculated by the third independent accredited appraiser and whichever value of the two previous appraisals is closest to the third appraised value. You and we will pay all costs and expenses associated with the independent accredited appraiser that you and we choose, respectively, and will share equally the appraisers' fees and expenses for any third independent accredited appraiser, if applicable. Each appraiser must complete its appraisal within thirty (30) days after its appointment.

#### **16F. COVENANT NOT TO COMPETE.**

For two (2) years beginning on the effective date of termination or expiration of this Agreement, you (and if you are conducting business as an Entity, each of your owners) agree not to and to cause each of your respective spouses, immediate family members, affiliates, successors, and assigns not to have any direct or indirect interest as an owner (whether of record, beneficially, or otherwise), investor, partner, director, officer, employee, consultant, lessor, representative, or agent in any Competitive Business located or operating (a) at the Premises or within a 15-mile radius of the Premises, or (b) within a 10-mile radius of any other Club operated by us, our affiliates, or any franchisee of us or our affiliates.

If any person restricted by this Section 16F fails to comply with these obligations as of the date of termination or expiration, the two (2) year restricted period for that person will commence on the date the person begins to comply with this Section 16F, which may be the date a court order is entered enforcing this provision. You and your owners expressly acknowledge that you possess skills and abilities of a general nature and have other opportunities for exploiting these skills. Consequently, our enforcing the covenants made in this Section 16F will not deprive you of your personal goodwill or ability to earn a living.

The restrictions in this Section 16F will also apply after any transfer, to the transferor and its owners, for a period of two (2) years beginning on the effective date of the transfer, with the force and effect as though this Agreement had been terminated for such parties as of such date.

#### **16G. MEMBERSHIP OBLIGATIONS.**

Upon termination or expiration, you must deliver to us (in the format we require) all Confidential Information relating to your members and notify all members of your Club immediately that your Club will cease to operate. We may contact members of your Club and offer such members continued rights to use one or more other Clubs on such terms and conditions we deem appropriate, which in no event will include assumption of any then-existing liability arising out of or relating to any Membership Agreement or act or failure to act by you or your Club. If members of your Club are

legally entitled to full or partial refund of any monies paid to you, you will refund such monies promptly and in full and will cooperate with us to preserve goodwill with such members. If you fail to refund your members as required pursuant to this Section, we reserve the right to refund such members in order to preserve goodwill and prevent damage to the Marks, and you will reimburse us for all amounts we refund to members of your Club.

#### **16H. CONTINUING OBLIGATIONS.**

All of our and your (and your owners') obligations which expressly or by their nature survive this Agreement's expiration or termination will continue in full force and effect subsequent to and notwithstanding its expiration or termination and until they are satisfied in full or by their nature expire. Without limiting the generality of the foregoing, the parties expressly acknowledge that each of the following provisions of this Agreement will survive the Agreement's expiration or termination: Section 7F (Information Security); Section 11 (Confidential Information); Section 12B (Non-Interference); Section 12C (Non-Disparagement); Section 16 (Rights and Obligations Upon Termination or Expiration); Section 17 (Relationship of the Parties/Indemnification); and Section 18 (Enforcement).

#### **17. RELATIONSHIP OF THE PARTIES/INDEMNIFICATION.**

##### **17A. INDEPENDENT CONTRACTORS.**

You and we understand and agree that each of us is an independent business and that you and we are and will be independent contractors. This Agreement does not create a fiduciary relationship between you and us, and nothing in this Agreement is intended to make either you or us a general or special agent, joint venturer, partner, or employee of the other for any purpose. You agree to identify yourself conspicuously to all persons (including customers, suppliers, public officials, and Club employees) as your Club's owner, and indicate clearly that you operate your Club separately and independently from our business operations. You agree to place notices of independent ownership on all interior and exterior signage, forms, business cards, stationery, advertising, and other materials that we may require from time to time. You may not make any express or implied agreements, warranties, guarantees, or representations, or incur any debt, in our name or on our behalf or represent that your and our relationship is anything other than franchisor and franchise owner.

We have no right or duty to direct your employees in the course of their employment for you. You are solely responsible for the terms and conditions of employment of your employees. We will not be obligated for any damages to any person or property directly or indirectly arising out of your Club's operation or the business you conduct under this Agreement.

##### **17B. NO LIABILITY FOR ACTS OF OTHER PARTY.**

We and you may not make any express, implied or collateral agreements, warranties, guarantees, or representations, or incur any debt, in the name or on behalf of the other or represent that our respective relationship is other than franchisor and franchise owner. We will not be obligated for any damages to any person or property directly or indirectly arising out of your Club's operation or the business you conduct under this Agreement.

## 17C. TAXES.

Any and all amounts expressed as being payable to us pursuant to this Agreement are exclusive of applicable taxes. Accordingly, if applicable, all payments by you to us will, in addition, include an amount equal to any and applicable taxes, assessments or amounts of a like nature imposed on any payments to be made pursuant to this Agreement. We will have no liability for any sales, occupation, excise, gross revenue, income, property, or other applicable taxes, whether levied on you or your Club, due to the business you conduct (except for our income taxes). You are responsible for paying these taxes and if we pay any taxes to any state or federal taxing authority on account of either your operation or payments that you make to us (except for our income taxes), or any expenses we incur in reviewing, paying or disputing such taxes, such amounts will be subject to indemnification under Section 17D.

## 17D. INDEMNIFICATION.

You agree to indemnify, defend, and hold harmless us, our affiliates, and our and their respective owners, directors, officers, employees, agents, successors, and assigns (the “**Indemnified Parties**”) against, and to reimburse any one or more of the Indemnified Parties for, all claims, obligations, and damages directly or indirectly arising out of your Club, the business you conduct under this Agreement, and/or your breach of this Agreement, including those alleged to be or found to have been caused by the Indemnified Party’s gross negligence or willful misconduct, unless (and then only to the extent that) the claims, obligations, or damages are determined to be caused solely by our gross negligence or willful misconduct in a final, unappealable ruling issued by a court or arbitrator with competent jurisdiction.

For purposes of this indemnification, “**claims**” include all obligations, damages (actual, consequential, or otherwise), and costs that any Indemnified Party reasonably incurs in defending any claim against it, including reasonable accountants’, arbitrators’, attorneys’, and expert witness fees, costs of investigation and proof of facts, court costs, travel and living expenses, and other expenses of litigation, arbitration, or alternative dispute resolution, regardless of whether litigation, arbitration, or alternative dispute resolution is commenced. Each Indemnified Party may defend any claim against it at your expense (including choosing and retaining its own legal counsel) and agree to settlements or take any other remedial, corrective, or other actions.

This indemnity will continue in full force and effect subsequent to and notwithstanding this Agreement’s expiration or termination or purported rescission. An Indemnified Party need not seek recovery from any insurer or other third party, or otherwise mitigate its losses and expenses, in order to maintain and recover fully a claim for indemnity under this Section 17D. You agree that a failure to pursue a recovery or mitigate a loss will not reduce or alter the amounts that an Indemnified Party may recover under this Section 17D.

## 18. ENFORCEMENT.

### 18A. MEDIATION.

Either party may initiate a mediation process by notifying the other party in writing. The parties agree to conduct the mediation in accordance with the then current Commercial Mediation Procedures of the American Arbitration Association (the “**AAA**”), except to the extent the rules conflict with this Agreement, in which case this Agreement shall control; however, the mediation need not be administered by the AAA unless the parties cannot agree upon the selection of a mediator within thirty



days of the receipt of the written notice of mediation. If the parties cannot reach agreement upon the selection of a mediator, either party may commence a mediation proceeding by making a request for mediation to the AAA regional office closest to our (or our successor's or assign's, as applicable) then current principal place of business (currently, Dallas, Texas), with a copy to the other party. The written request for mediation shall describe with specificity the nature of the dispute and the relief sought. Both parties are obligated to engage in the mediation.

The mediation will be conducted by a single mediator with no past or present affiliation or conflict with any party to the mediation. The parties agree that the mediator shall be disqualified as a witness, expert, consultant or attorney in any pending or subsequent proceeding relating to the dispute which is the subject of the mediation. If the parties cannot agree on a mediator and the AAA administers the mediation, the AAA shall provide the parties with a list of mediators willing to serve. The parties will have 10 days from receipt of the list from the AAA to agree upon a mediator from the list. If neither party advises the AAA in writing of an agreement within 10 days of receipt of such list, the AAA shall appoint the mediator. The fees and expenses of the AAA (or other administrator), if applicable, and the mediator's fee, shall be shared equally by the parties. Each party shall bear its own attorneys' fees and other costs incurred in connection with the mediation irrespective of the outcome of the mediation or the mediator's evaluation of each party's case. The mediation shall occur within 30 days after selection of the mediator.

Regardless of which party initiates the mediation, the parties agree to conduct the mediation at a suitable location chosen by the mediator that is within 50 miles of our (or our successor's or assign's, as applicable) then current principal place of business (currently, Dallas, Texas). At least 7 days before the first scheduled session of the mediation, each party shall deliver to the mediator a concise written summary of its position with respect to the matters in dispute (such as claims or defenses) and such other matters required by the mediator.

The parties understand and agree that neither initiation nor completion of mediation contemplated by this Section is a condition precedent to either party's commencement or pursuit of other legal actions and remedies, including arbitration, as permitted under this Agreement.

## **18B. ARBITRATION.**

All controversies, disputes, or claims between us or any of our affiliates (and our and their respective shareholders, officers, directors, agents, and employees), on the one hand, and you (and your owners, guarantors, affiliates, and employees), on the other hand, arising out of or related to: (1) this Agreement or any other agreement between you (or any of your owners) and us (or any of our affiliates); (2) our relationship with you; (3) the scope or validity of this Agreement or any other agreement between you (or any of your owners) and us (or any of our affiliates) or any provision of any of such agreements (including the validity and scope of the arbitration provision under this Section, which we and you acknowledge is to be determined by an arbitrator, not a court); or (4) any System Standard, must be submitted for binding arbitration, on demand of either party, to the AAA. The arbitration proceedings will be conducted by one arbitrator and, except as this Section otherwise provides, according to the AAA's then current Commercial Arbitration Rules. All proceedings will be conducted at a suitable location chosen by the arbitrator that is within 50 miles of our (or our successor's or assign's, as applicable) then current principal place of business (currently, Dallas, Texas). All matters relating to arbitration will be governed by the Federal Arbitration Act (9 U.S.C.

§§ 1 et seq.). The interim and final awards of the arbitrator shall be final and binding upon each party, and judgment upon the arbitrator's awards may be entered in any court of competent jurisdiction.

The arbitrator has the right to award or include in his or her awards any relief which he or she deems proper, including money damages, pre- and post-award interest, interim costs and attorneys' fees, specific performance, and injunctive relief, provided that the arbitrator may not declare any of the trademarks owned by us or our affiliates generic or otherwise invalid, or award any punitive or exemplary damages against any party to the arbitration proceeding (we and you hereby waiving to the fullest extent permitted by law any such right to or claim for any punitive or exemplary damages against any party to the arbitration proceeding). In any arbitration brought pursuant to this arbitration provision, and in any action in which a party seeks to enforce compliance with this arbitration provision, the prevailing party shall be awarded its costs and expenses, including attorneys' fees, incurred in connection therewith.

In any arbitration proceeding, each party will be bound by the provisions of any applicable contractual or statutory limitations provision, whichever expires earlier. Each party must submit or file any claim which would constitute a compulsory counterclaim (as defined by Rule 13 of the Federal Rules of Civil Procedure) within the same proceeding. Any claim which is not submitted or filed as required will be forever barred. The arbitrator may not consider any settlement discussions or offers that might have been made by any party.

**ARBITRATION PROCEEDINGS WILL BE CONDUCTED ON AN INDIVIDUAL BASIS. NO ARBITRATION PROCEEDING MAY BE: (I) CONDUCTED ON A CLASS-WIDE BASIS, (II) COMMENCED, CONDUCTED OR CONSOLIDATED WITH ANY OTHER ARBITRATION PROCEEDING, (III) JOINED WITH ANY SEPARATE CLAIM OF AN UNAFFILIATED THIRD-PARTY, OR (IV) BROUGHT ON BEHALF OF ANY PARTY BY ANY ASSOCIATION OR AGENT.** Notwithstanding the foregoing, if any court or arbitrator determines that all or any part of the preceding sentence is unenforceable with respect to a dispute, controversy or claim that otherwise would be subject to arbitration under this Section, then all parties agree that this arbitration clause shall not apply to that dispute, controversy or claim and that such dispute, controversy or claim shall be resolved in a judicial proceeding in accordance with the dispute resolution provisions of this Agreement.

In any arbitration arising as described in this Section, the arbitrator shall have full authority to manage any necessary exchange of information among the parties with a view to achieving an efficient and economical resolution of the dispute. The parties may only serve reasonable requests for documents, which must be limited to documents upon which a party intends to rely or documents that are directly relevant and material to a significant disputed issue in the case or to the case's outcome. The document requests shall be restricted in terms of time frame, subject matter and persons or entities to which the requests pertain, and shall not include broad phraseology such as "all documents directly or indirectly related to." No interrogatories or requests to admit shall be propounded, unless the parties later mutually agree to their use.

The provisions of this Section are intended to benefit and bind certain third-party non-signatories. The provisions of this Section will continue in full force and effect subsequent to and notwithstanding the expiration or termination of this Agreement. Any provisions of this Agreement below that pertain to judicial proceedings shall be subject to the agreement to arbitrate contained in this Section.

### **18C. CONSENT TO JURISDICTION.**

Subject to Section 18B above and the provisions below, we and you agree that all controversies, disputes, or claims between us or any of our affiliates (and our and their respective shareholders, officers, directors, agents, and employees), on the one hand, and you (and your owners, guarantors, affiliates, and employees), on the other hand, arising out of or related to this Agreement or any other agreement between you (or any of your owners) and us (or any of our affiliates) or our relationship with you must be commenced exclusively in state or federal court closest to our (or our successor's or assign's, as applicable) then-current principal place of business (currently, Dallas, Texas), and the parties irrevocably consent to the jurisdiction of those courts and waive any objection to either the jurisdiction of or venue in those courts. Nonetheless, the parties agree that any of us may enforce any arbitration orders and awards in the courts of the state or states in which you are or your Club is located.

### **18D. GOVERNING LAW.**

ALL MATTERS RELATING TO MEDIATION AND/OR ARBITRATION WILL BE GOVERNED BY THE FEDERAL ARBITRATION ACT (9 U.S.C. §§ 1 ET SEQ.). EXCEPT TO THE EXTENT GOVERNED BY THE FEDERAL ARBITRATION ACT, THE UNITED STATES TRADEMARK ACT OF 1946 (LANHAM ACT, 15 U.S.C. SECTIONS 1051 ET SEQ.), OR OTHER FEDERAL LAW, THIS AGREEMENT (OR ANY OTHER AGREEMENT BETWEEN US AND OUR AFFILIATES, AND YOU AND YOUR AFFILIATES), THE FRANCHISE, AND ALL CLAIMS ARISING FROM THE RELATIONSHIP BETWEEN US AND YOU WILL BE GOVERNED BY THE LAWS OF THE STATE OF DELAWARE, WITHOUT REGARD TO ITS CONFLICT OF LAWS RULES, EXCEPT THAT ANY STATE LAW REGULATING THE OFFER OR SALE OF FRANCHISES OR GOVERNING THE RELATIONSHIP OF A FRANCHISOR AND ITS FRANCHISEE WILL NOT APPLY UNLESS ITS JURISDICTIONAL REQUIREMENTS ARE MET INDEPENDENTLY WITHOUT REFERENCE TO THIS SECTION.

### **18E. COSTS AND ATTORNEYS' FEES.**

The prevailing party in any dispute or proceeding shall be entitled to recover from the other party all damages, costs and expenses, including mediation, arbitration and court costs and reasonable attorneys' fees, incurred by the prevailing party in connection with such dispute or proceeding.

### **18F. RIGHTS OF PARTIES ARE CUMULATIVE.**

Our and your rights under this Agreement are cumulative, and our or your exercise or enforcement of any right or remedy under this Agreement will not preclude our or your exercise or enforcement of any other right or remedy which we or you are entitled by law to enforce.

### **18G. WAIVER OF PUNITIVE DAMAGES AND JURY TRIAL.**

EXCEPT FOR YOUR OBLIGATION TO INDEMNIFY US FOR THIRD PARTY CLAIMS UNDER SECTION 17D, WE AND YOU (AND YOUR OWNERS) WAIVE TO THE FULLEST EXTENT PERMITTED BY LAW ANY RIGHT TO OR CLAIM FOR ANY PUNITIVE OR EXEMPLARY DAMAGES AGAINST THE OTHER AND AGREE THAT, IN THE EVENT OF A DISPUTE BETWEEN US AND YOU, THE PARTY MAKING A CLAIM WILL BE LIMITED TO EQUITABLE RELIEF AND TO RECOVERY OF ANY ACTUAL DAMAGES IT SUSTAINS.

WE AND YOU IRREVOCABLY WAIVE TRIAL BY JURY IN ANY ACTION OR PROCEEDING, BROUGHT BY EITHER OF US.

**18H. INJUNCTIVE RELIEF.**

Nothing in this Agreement, including the provisions of Section 18A and 18B, bars our right to obtain specific performance of the provisions of this Agreement and injunctive or other equitable relief against threatened conduct that will cause us, the Marks and/or the System loss or damage, under customary equity rules, including applicable rules for obtaining restraining orders and injunctions. You agree that we may obtain such injunctive relief in addition to such further or other relief as may be available at law or in equity. You agree that we will not be required to post a bond to obtain injunctive relief and that your only remedy if an injunction is entered against you will be the dissolution of that injunction, if warranted, upon due hearing (all claims for damages by injunction being expressly waived hereby).

**18I. BINDING EFFECT.**

This Agreement is binding on us and you and our and your respective executors, administrators, heirs, beneficiaries, permitted assigns, and successors in interest. Subject to our right to modify the Brand Standards Manual and System Standards, this Agreement may not be modified except by a written agreement signed by both our and your duly-authorized officers.

**18J. LIMITATIONS OF CLAIMS AND CLASS ACTION BAR.**

EXCEPT FOR CLAIMS ARISING FROM YOUR NON-PAYMENT OR UNDERPAYMENT OF AMOUNTS YOU OWE US, ANY AND ALL CLAIMS ARISING OUT OF OR RELATING TO THIS AGREEMENT (OR ANY OTHER AGREEMENT BETWEEN US AND OUR AFFILIATES, AND YOU AND YOUR AFFILIATES), THE FRANCHISE, AND ALL CLAIMS ARISING FROM THE RELATIONSHIP BETWEEN US AND YOU WILL BE BARRED UNLESS A JUDICIAL OR ARBITRATION PROCEEDING IS COMMENCED IN ACCORDANCE WITH THIS AGREEMENT WITHIN ONE (1) YEAR FROM THE DATE ON WHICH THE PARTY ASSERTING THE CLAIM KNEW OR SHOULD HAVE KNOWN OF THE FACTS GIVING RISE TO THE CLAIMS.

WE AND YOU AGREE THAT ANY PROCEEDING WILL BE CONDUCTED ON AN INDIVIDUAL BASIS AND THAT ANY PROCEEDING BETWEEN US AND ANY OF OUR AFFILIATES, OR OUR AND THEIR RESPECTIVE SHAREHOLDERS, OFFICERS, DIRECTORS, AGENTS, AND EMPLOYEES, ON THE ONE HAND, AND YOU (OR YOUR OWNERS, GUARANTORS, AFFILIATES, AND EMPLOYEES), ON THE OTHER HAND, MAY NOT BE: (I) CONDUCTED ON A CLASS-WIDE BASIS, (II) COMMENCED, CONDUCTED OR CONSOLIDATED WITH ANY OTHER PROCEEDING, (III) JOINED WITH ANY CLAIM OF AN UNAFFILIATED THIRD-PARTY, OR (IV) BROUGHT ON YOUR BEHALF BY ANY ASSOCIATION OR AGENT.

NO PREVIOUS COURSE OF DEALING SHALL BE ADMISSIBLE TO EXPLAIN, MODIFY, OR CONTRADICT THE TERMS OF THIS AGREEMENT. NO IMPLIED COVENANT OF GOOD FAITH AND FAIR DEALING SHALL BE USED TO ALTER THE EXPRESS TERMS OF THIS AGREEMENT.

## **18K. SEVERABILITY AND SUBSTITUTION OF VALID PROVISIONS.**

Except as expressly provided to the contrary in this Agreement, each provision of this Agreement is severable, and if any part of this Agreement is held to be invalid or contrary to or in conflict with any applicable present or future law, ordinance or regulation for any reason (in a final, unappealable ruling issued by any court, agency, or tribunal with competent jurisdiction), that ruling will not impair the operation of, or otherwise affect, any other portions of this Agreement, which will continue to have full force and effect and bind the parties.

If any covenant which restricts competitive activity is deemed unenforceable by virtue of its scope in terms of area, business activity prohibited, and/or length of time, but would be enforceable if modified, you and we agree that the covenant will be enforced to the fullest extent permissible under the laws and public policies applied in the jurisdiction whose law determines the covenant's validity.

If any applicable and binding law, ordinance, rule, or regulation of any jurisdiction requires more notice of this Agreement's termination or of our refusal to enter into a renewal franchise agreement than this Agreement requires, or some other action that this Agreement does not require, or any provision of this Agreement or any System Standard is invalid, unenforceable, or unlawful, the notice and/or other action required by the law, ordinance, rule or regulation will be substituted for the comparable provisions of this Agreement, and we may modify the invalid or unenforceable provision or System Standard to the extent required to be valid and enforceable or delete the unlawful provision in its entirety. You agree to be bound by any promise or covenant imposing the maximum duty the law permits which is subsumed within any provision of this Agreement, as though it were separately articulated in and made a part of this Agreement.

## **18L. WAIVER OF OBLIGATIONS.**

We and you may by written instrument unilaterally waive or reduce any obligation of or restriction on the other under this Agreement, effective on delivery of written notice to the other or another effective date stated in the notice of waiver. Any waiver granted will be without prejudice to any other rights we or you have, will be subject to continuing review, and may be revoked at any time and for any reason effective on delivery of ten (10) days' prior written notice. We and you will not waive or impair any right, power, or option this Agreement reserves (including our right to demand exact compliance with every term, condition, and covenant or to declare any breach to be a default and to terminate this Agreement before its term expires) because of any custom or practice at variance with this Agreement's terms; our or your failure, refusal, or neglect to exercise any right under this Agreement or to insist on the other's compliance with this Agreement, including any System Standard; our waiver of or failure to exercise any right, power, or option, whether of the same, similar, or different nature, with other Clubs; the existence of franchise agreements for other Clubs which contain different provisions from those contained in this Agreement; or our acceptance of any payments due from you after any breach of this Agreement. No special or restrictive legend or endorsement on any check or similar item given to us will be a waiver, compromise, settlement, or accord and satisfaction. We are authorized to remove any legend or endorsement, which then will have no effect.

## **18M. SECURITY INTEREST.**

As a security for the performance of your and your owners' obligations under this Agreement, you grant us a security interest in all of the assets of your Club, including any present or after-acquired inventory, fixtures, furniture, equipment, accounts, customer lists, supplies, contracts, cash derived

from the operation of the Club and sale of other assets, and proceeds and products of all those assets. You agree to execute such other documents as we may reasonably request in order to further document, perfect and record our security interest. If you default in any of your obligations under this Agreement, we may exercise all rights of a secured creditor granted to us by law, in addition to our other rights under this Agreement and at law. If a third-party lender requires that we subordinate our security interest in the assets of your Club as a condition to lending you working capital for the operation of your Club, we will agree to subordinate pursuant to terms and conditions determined by us. This Agreement will be deemed a security agreement under any applicable personal property security legislation.

## 18N. CONSTRUCTION.

The preambles and exhibits are a part of this Agreement which constitutes our and your entire agreement, and there are no other oral or written understandings or agreements between us and you, or oral or written representations by us, relating to the subject matter of this Agreement, the franchise relationship, or your Club. Any understandings or agreements reached, or any representations made, before this Agreement are superseded by this Agreement. Nothing in this or in any related agreement, however, is intended to disclaim the representations we made in any Franchise Disclosure Document.

The following provision applies if you or the franchise granted hereby are subject to the franchise registration or disclosure laws in California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, or Wisconsin: No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

The headings of the sections and paragraphs are for convenience only and do not define, limit, or construe the contents of these sections or paragraphs.

Other than as expressly set forth herein, nothing in this Agreement is intended or deemed to confer any rights or remedies on any person or entity not a party to this Agreement.

References in this Agreement to “we,” “us,” and “our,” with respect to all of our rights and all of your obligations to us under this Agreement, include any of our affiliates with whom you deal. The term “**affiliate**” means any person or Entity directly or indirectly owned or controlled by, under common control with, or owning or controlling you or us. The term “**control**” means the power to direct or cause the direction of management and policies. The use of the term “**including**” in this Agreement, means in each case “including, without limitation.”

If two or more persons are at any time the owners of your Club, whether as partners or joint venturers, or are your guarantors, their obligations and liabilities to us will be joint and several. References to “**owner**” mean any person holding a direct or indirect ownership interest (whether of record, beneficially, or otherwise) or voting rights in you (or a transferee of this Agreement and your Club or an ownership interest in you), including any person who has a direct or indirect interest in you (or a transferee), this Agreement or your Club and any person who has any other legal or equitable interest, or the power to vest in himself or herself any legal or equitable interest, in their revenue,

profits, rights, or assets. The term “**person**” means any natural person, corporation, limited liability company, general or limited partnership, unincorporated association, cooperative, or other legal or functional entity. The term “**your Club**” includes all of the assets of the Club you operate under this Agreement, including its revenue and the Lease.

## **19. DELEGATION OF PERFORMANCE.**

You agree that we have the right to delegate the performance of any portion or all of our obligations under this Agreement to third party designees, whether these designees are our agents or independent contractors with whom we have contracted to perform these obligations. If we do so, such third-party designees will be obligated to perform the delegated functions for you in compliance with this Agreement.

## **20. NOTICES AND PAYMENTS.**

All written notices, reports, and payments permitted or required to be delivered by this Agreement or the Brand Standards Manual will be deemed to be delivered: (i) at the time delivered by hand, (ii) at the time delivered via electronic transmission, (iii) one (1) business day after being placed in the hands of a nationally recognized commercial courier service for next business day delivery, or (iv) three (3) business days after placement in United States Mail by Registered or Certified Mail, Return Receipt Requested, postage prepaid. Any notice must be sent to the party to be notified at its most current principal business address of which the notifying party has notice; except that it will always be deemed acceptable to send notice to you at the address of the Premises.

Any required payment or report which we do not actually receive during regular business hours on the date due will be deemed delinquent.

## **21. PROHIBITED PARTIES.**

You hereby represent and warrant to us, as an express consideration for the franchise granted hereby, that neither you nor any of your employees, agents, or representatives, nor any other person or entity associated with you, is now, or has been:

1. Listed on: (a) the U.S. Treasury Department’s List of Specially Designated Nationals, (b) the U.S. Commerce Department’s Denied Persons List, Unverified List, Entity List, or General Orders, (c) the U.S. State Department’s Debarred List or Nonproliferation Sanctions, or (d) the Annex to U.S. Executive Order 13224.
2. A person or entity who assists, sponsors, or supports terrorists or acts of terrorism, or is owned or controlled by terrorists or sponsors of terrorism.

You further represent and warrant to us that you are now, and have been, in compliance with U.S. anti-money laundering and counter-terrorism financing laws and regulations, and that any funds provided by you to us or our affiliates are and will be legally obtained in compliance with these laws. You agree not to, and to cause all employees, agents, representatives, and any other person or entity associated with you not to, during the Term, take any action or refrain from taking any action that would cause such person or entity to become a target of any such laws and regulations.

**22. EXECUTION**

This Agreement may be executed in counterparts, each of which will be deemed an original, but all of which together will constitute one and the same Agreement. This Agreement and all other documents related to this Agreement may be executed by manual or electronic signature.

*[SIGNATURE PAGE TO FOLLOW]*



**IN WITNESS WHEREOF**, the parties have executed and delivered this Agreement to be effective as of the Effective Date.

**TPP FRANCHISING LLC,**  
a Delaware limited liability company

Sign: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**DATED\*:** \_\_\_\_\_  
*\*Effective Date*

**FRANCHISE OWNER**

**(IF YOU ARE A CORPORATION,  
LIMITED LIABILITY COMPANY, OR  
PARTNERSHIP):**

\_\_\_\_\_  
Entity Name

Sign: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**DATED:** \_\_\_\_\_

**FRANCHISE OWNER**

**(IF YOU ARE AN INDIVIDUAL):**

\_\_\_\_\_  
Individual Name

Sign: \_\_\_\_\_

**DATED:** \_\_\_\_\_

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

**ENTITY INFORMATION**

1. **Form.** You operate as a(n): \_\_\_ individual/sole proprietorship, \_\_\_ corporation, \_\_\_ limited liability company, or \_\_\_ partnership (CHECK ONE).
2. **Formation:** You were formed on \_\_\_\_\_(DATE), under the laws of the State of \_\_\_\_\_ (JURISDICTION).
3. **Management:** The following is a list of your directors, officers, managers or anyone else with a management position or title:

<b><u>Name of Individual</u></b>	<b><u>Position(s) Held</u></b>
_____	_____
_____	_____
_____	_____
_____	_____

4. **Owners.** The following list includes the full name of each individual who is one of your owners, or an owner of one of your owners, and fully describes the nature of each owner’s interest (attach additional pages if necessary):

<b><u>Owner’s Name</u></b>	<b><u>Percentage/Description of Interest</u></b>
_____	_____
_____	_____
_____	_____
_____	_____

5. **Principal Owner:** \_\_\_\_\_
6. **Approved Manager** (if applicable): \_\_\_\_\_

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

**GUARANTY AND ASSUMPTION OF OBLIGATIONS**

**THIS GUARANTY AND ASSUMPTION OF OBLIGATIONS (“Guaranty”)** is given by the persons indicated below who have executed this Guaranty (each a “**Guarantor**”) to be effective as of the Effective Date of the Agreement (defined below).

In consideration of, and as an inducement to, the execution of that certain Franchise Agreement executed concurrently herewith (as amended, restated, or supplemented, the “**Agreement**”) by and between TPP Franchising LLC (the “**Franchisor**”), and \_\_\_\_\_ (“**Franchisee**”), each Guarantor hereby personally and unconditionally (a) guarantees to Franchisor, and its successor and assigns that Franchisee will punctually pay and perform each and every undertaking, agreement and covenant set forth in the Agreement, and (b) agrees to be personally bound by, and personally liable for the breach of, each and every provision in the Agreement, both monetary obligations and obligations to take or refrain from taking specific actions or to engage or refrain from engaging in specific activities.

Each Guarantor waives: (1) acceptance and notice of acceptance by Franchisor of the foregoing undertakings; (2) notice of demand for payment of any indebtedness or nonperformance of any obligations guaranteed; (3) protest and notice of default to any party with respect to the indebtedness or nonperformance of any obligations guaranteed, and (4) any right such Guarantor may have to require that an action be brought against Franchisee or any other person as a condition of liability; and (5) the defense of the statute of limitations in any action hereunder or for the collection of any indebtedness or the performance of any obligation hereby guaranteed.

Each Guarantor hereby consents and agrees that:

(a) Franchisor may proceed against any Guarantor and/or Franchisee, jointly and severally, including by proceeding against Guarantor, without having commenced any action, or having obtained any judgment against any other Guarantor or Franchisee;

(b) Guarantor will render any payment or performance required under the Agreement on demand if Franchisee fails or refuses punctually to do so;

(c) Guarantor’s liability will not be diminished, relieved or otherwise affected by any extension of time, credit or other indulgence which Franchisor 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 will in any way modify or amend this Guaranty, which will be continuing and irrevocable during the term of the Agreement;

(d) Guarantor is bound by the restrictive covenants, confidentiality provisions, and indemnification provisions contained in the Agreement, and any and all provisions that by their terms apply to owners of Franchisee;

(e) At Franchisor’s request, Guarantor agrees to provide the updated financial information to us as may be reasonably necessary to demonstrate his or her ability to satisfy the obligations of the franchise owners under the Agreement;

(f) 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 the Agreement by a trustee of Franchisee. Neither Guarantor's obligations to make payment or render performance in accordance with the terms of this Guaranty nor any remedy for enforcement will 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;

(g) Guarantor agrees to pay all costs and expenses (including attorneys' fees) incurred by Franchisor or any of its affiliates in connection with the enforcement of this Guaranty, including any collection or attempt to collect amounts due, or any negotiations relative to the obligations hereby guaranteed; and

(h) Guarantor agrees to be personally bound by the dispute resolution provisions under Article 18 of the Agreement, including the obligation to submit to binding arbitration the claims described in Section 18B of the Agreement in accordance with its terms.

By signing below, the undersigned spouse of each Guarantor indicated below, acknowledges and consents to the guaranty given herein by his/her spouse. Such consent also serves to bind the assets of the marital estate to Guarantor's performance of this Guaranty. Each Guarantor represents and warrants that, if no signature appears below for such Guarantor's spouse, such Guarantor is either not married or, if married, is a resident of a state which does not require the consent of both spouses to encumber the assets of a marital estate.

Each Guarantor that is a business entity, retirement or investment account, or trust acknowledges and agrees that if Franchisee (or any of its affiliates) is delinquent in payment of any amounts guaranteed hereunder, that no dividends or distributions may be made by such Guarantor (or on such Guarantor's account) to its owners, accountholders or beneficiaries or otherwise, for so long as such delinquency exists, subject to applicable law.

This Guarantee is binding upon each Guarantor and its respective executors, administrators, heirs, beneficiaries, and successors in interest.

*[SIGNATURE PAGE TO FOLLOW]*

**IN WITNESS WHEREOF**, each of the undersigned has affixed his signature to be effective as of the Effective Date.

GUARANTOR(S)	SPOUSE(S)
Name: _____ Sign: _____ Address: _____ _____ _____	Name: _____ Sign: _____ Address: _____ _____ _____
Name: _____ Sign: _____ Address: _____ _____ _____	Name: _____ Sign: _____ Address: _____ _____ _____
Name: _____ Sign: _____ Address: _____ _____ _____	Name: _____ Sign: _____ Address: _____ _____ _____

**EXHIBIT C**  
**TO FRANCHISE AGREEMENT**

**PREMISES/SITE SELECTION AREA/PROTECTED TERRITORY**

The Premises of your Club is: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

The Site Selection Area is: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

The Protected Territory is: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**EXHIBIT D**  
**TO THE FRANCHISE AGREEMENT**

**RIDER TO LEASE AGREEMENT**

This Rider and the provisions hereof are hereby incorporated into the body of the lease to which this Rider is attached (the “**Lease**”), between \_\_\_\_\_ (“**Tenant**”) and \_\_\_\_\_ (“**Landlord**”), for the real property described therein (the “**Premises**”). The provisions hereof will be cumulative of those set forth in the Lease, but to the extent of any conflict between any provisions of this Rider and the provisions of the Lease, this Rider will govern and control.

1. Acknowledgement of Franchise Relationship. Landlord acknowledges that Tenant intends to operate “The Pickle Pad” recreational facility (a “**Club**”) at the Premises, and that Tenant’s rights to operate a Club and to use “The Pickle Pad” name, trademarks and service marks (the “**Marks**”) are solely pursuant to a franchise agreement (“**Franchise Agreement**”) between Tenant and TPP Franchising LLC (“**Franchisor**”). Tenant’s operations at the Premises are independently owned and operated. Landlord acknowledges that Tenant alone is responsible for all obligations under the Lease unless and until Franchisor or another franchisee expressly, and in writing, assumes such obligations and takes actual possession of the Premises. Landlord agrees not to take an action that would prohibit Tenant from operating the Club, as contemplated by the Franchise Agreement, at the Premises.

2. Consent to Collateral Assignment to Franchisor. Landlord hereby consents, without payment of a fee and without the need for further Landlord consent, to (i) the collateral assignment of Tenant’s interest in this Lease to Franchisor to secure Tenant’s obligations to Franchisor under the Franchise Agreement, (ii) Franchisor’s succeeding to Tenant’s interest in the Lease as a result of Franchisor’s exercise of rights or remedies under such collateral assignment or as a result of Franchisor’s termination of, or exercise of rights or remedies granted in or under, any other agreement between Franchisor and Tenant, and/or (iii) Tenant’s, Franchisor’s and/or any other franchisee of Franchisor’s assignment of the Lease to another franchisee of Franchisor with whom Franchisor has executed its then-standard franchise agreement. Landlord agrees that to the extent Franchisor becomes Tenant, for howsoever brief a period, upon assumption of lease pursuant to this provision, that simultaneously with any subsequent assignment to another party, Franchisor will be released from all liability under the Lease or otherwise accruing after the date of such assignment; provided, that neither Tenant nor any other franchisee will be afforded such release in the event Tenant/such franchisee is the assignor, unless otherwise agreed by Landlord.

3. Tenant’s Signage. Landlord agrees to allow Tenant to use Franchisor’s standard interior and exterior signage and designs to the maximum extent permitted by local governmental authorities. Tenant will be provided, at Tenant’s sole cost and expense, with a panel on any pylon/monument/directory sign for the development in which the Premises is located, and will be permitted to install a standard sign thereon approved by Franchisor, including without limitation Franchisor’s logo. Landlord hereby grants and approves Tenant the right to display the Marks at the Premises, subject only to the provisions of applicable law.

4. Notice and Cure Rights to Franchisor. Prior to exercising any remedies hereunder (except in the event of imminent danger to the Premises), Landlord will give Franchisor written notice of any default by Tenant, and commencing on receipt thereof by Franchisor, Franchisor will have fifteen (15) additional days to the established cure period as is given to Tenant under the Lease for

such default to cure such defaults. Landlord agrees to accept cure tendered by Franchisor as if the same was tendered by Tenant, but Franchisor has no obligation to cure such default. The initial address for notices to Franchisor is as follows: TPP Franchising LLC, 12222 Merit Drive, Suite 1300, Dallas, Texas 75251, or such other address as Franchisor provides to Landlord.

5. Non-disturbance from Mortgage Lenders. It will be a condition of the Lease being subordinated to any mortgage, deed of trust, deed to secure debt or similar encumbrance on the Premises that the holder of such encumbrance agree not to disturb Tenant's rights under this Lease or Tenant's possession of the Premises, so long as Tenant is not in default of its obligations under the Lease and the Franchise Agreement, beyond an applicable grace or cure period.

6. Fixtures and Signage. Any lien of Landlord in Tenant's trade fixtures, 'trade dress', signage and other property at the Premises is hereby subordinated to Franchisor's interest in such items as described in the Franchise Agreement. On request, Landlord will grant the party who owns such property reasonable access to the Premises for the sole purpose of removing such property, provided such party repairs any damage caused by such removal and otherwise complies with Landlord's reasonable requirements with respect to such access.

7. Third Party Beneficiary. Franchisor is a third-party beneficiary of the terms of this Rider, or any other terms of the Lease applicable to Franchisor's rights under the Lease, and as a result thereof, will have all rights (but not the obligation) to enforce the same.

8. Franchisor Right to Enter. Landlord acknowledges and agrees that Franchisor or its designee may enter the Premises for all purposes permitted under the terms of the Franchise Agreement, including to inspect the Premises and the Club's operations, to manage the Tenant's business, on Tenant's behalf, under certain circumstances (to-wit: Tenant's failure to timely cure its default of the Franchise Agreement, and while Franchisor evaluates its right to purchase the location), or to remove any trade fixtures or signage upon termination or expiration of the Franchise Agreement. If Franchisor enters the Premises for any such purposes, it will do so without assuming any liability under the Lease.

9. Amendments. Tenant agrees that neither the Lease nor this Rider may be amended by the parties thereto without the prior written consent of Franchisor.

10. Successors and Assigns. All rights of Franchisor shall inure to its benefit and to the benefit of its successors and assigns. Franchisor may assign its rights under this Rider to any designee. All provisions in this Rider applicable to Tenant and Landlord will be binding on any successor or assign of Tenant or Landlord under the Lease.

11. Execution. This Rider may be executed in counterparts, each of which will be deemed an original, but all of which together will constitute one and the same agreement with the Lease. This Rider and all other documents related to this Rider may be executed by manual or electronic signature.

*[SIGNATURE PAGE TO FOLLOW]*



AGREED and executed and delivered under seal by the parties hereto as of the day and year of the Lease.

**LANDLORD:** \_\_\_\_\_

**TENANT:** \_\_\_\_\_

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

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

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

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

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

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

**EXHIBIT E**  
**TO THE FRANCHISE AGREEMENT**

**PRE-AUTHORIZED DEBIT AGREEMENT**

The undersigned depositor (“**Depositor**”) hereby authorizes **TPP FRANCHISING LLC** (“**The Pickle Pad**”) to initiate debit entries and/or credit correction entries to the undersigned’s checking and/or savings account(s) indicated below and the depository designated below (“**Depository**”) to debit such account pursuant to The Pickle Pad’s instructions.

Depository: \_\_\_\_\_ Branch: \_\_\_\_\_

Address: \_\_\_\_\_ City, State, Zip Code: \_\_\_\_\_  
\_\_\_\_\_

Telephone Number: \_\_\_\_\_

Bank Transit/ABA Number: \_\_\_\_\_ Account Number: \_\_\_\_\_

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

Depositor: \_\_\_\_\_ Depository: \_\_\_\_\_

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

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

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

**EXHIBIT B-2**

**AREA DEVELOPMENT AGREEMENT**

**THE PICKLE PAD  
AREA DEVELOPMENT AGREEMENT**



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**AREA DEVELOPER**

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**EXHIBITS**

EXHIBIT A DEVELOPMENT AREA; DEVELOPMENT SCHEDULE; DEVELOPMENT FEE  
EXHIBIT B ENTITY INFORMATION  
EXHIBIT C GUARANTY AND ASSUMPTION OF OBLIGATIONS

**AREA DEVELOPMENT AGREEMENT**

**THIS AREA DEVELOPMENT AGREEMENT** (the “**Agreement**”) is made and entered into by and between **TPP FRANCHISING LLC**, a Delaware limited liability company, with its principal business address at 12222 Merit Drive, Suite 1300, Dallas, Texas 75251 (“**we**,” “**us**,” or “**our**”), and \_\_\_\_\_, a \_\_\_\_\_ whose principal business address is \_\_\_\_\_ (“**you**” or “**your**”) as of the date signed by us on the signature page of this Agreement (the “**Effective Date**”).

**1. GRANT OF DEVELOPMENT RIGHTS.**

**1A. BACKGROUND**

(1) We and our predecessors and affiliates have developed (and continue to develop and modify) a franchise system to establish, operate and promote distinctive recreational facilities featuring pickleball courts, merchandise, social games, food, non-alcohol and alcohol beverages and other related products services using the Marks (defined below) (each a “**Club**”).

(2) We grant franchises for Clubs pursuant to a written franchise agreement and related agreements signed by us and a franchisee and its owners (each a “**Franchise Agreement**”), under which we grant the right to operate a Club using the trademarks, service marks and other commercial symbols that we and our affiliates may create, use, and license to identify the Clubs from time to time (collectively, the “**Marks**”). Clubs will operate using distinctive and proprietary business formats, methods, procedures, designs, layouts, standards, and specifications, all of which we may improve, substitute, further develop, or otherwise modify from time to time (together, the “**System**”).

(3) We also grant certain qualified persons the right to acquire multiple franchises for the development and operation of Clubs (the “**Development Rights**”) within a defined geographic area (the “**Development Area**”) pursuant to an agreed upon schedule for development and opening such Clubs (the “**Development Schedule**”), and you have applied and been approved to acquire Development Rights pursuant to the terms of this Agreement.

**1B. GRANT AND TERM OF DEVELOPMENT RIGHTS.**

Subject to this Agreement’s terms, we grant you the Development Rights to acquire franchises for Clubs in strict compliance with the Development Schedule attached as **Exhibit A**, exclusively within the Development Area specified on **Exhibit A**. Unless terminated under the terms of this Agreement, the term of this Agreement and your Development Rights (the “**Term**”) will begin on the Effective Date and continue through the earlier of (1) the date on which the last Club which is required to be opened to satisfy the Development Schedule opens for regular business, or (2) the last day of the last development period.

You must at all times faithfully, honestly and diligently perform your obligations and fully exploit the Development Rights during the Term and throughout the entire Development Area. We have awarded you no right to use the Marks and/or System under this Agreement or in exercising your Development Rights. Any and all rights to use the Marks and/or System arise solely from the Franchise Agreements you sign to operate Clubs.

## **1C. YOUR RIGHTS IN THE DEVELOPMENT AREA.**

If we wish to offer a franchise for another Club within your Development Area at any time during the Term, we will first send you a notice of the proposed franchise development, and upon receiving such notice, you will have a right of first refusal to acquire a franchise for such Club (your “**Right of First Refusal**”), provided that: (a) you notify us that you intend to exercise your Right of First Refusal within 14 days after receiving our notice of the proposed development; (b) you and your affiliates have been in full compliance with this Agreement and all other agreements with us or our affiliates; (c) you meet all of our then-current criteria for new franchisees of Clubs, including by having the financial resources to develop and operate the proposed Club; (d) you sign our then-current franchise agreement for such Club and pay any required fees under such franchise agreement within 14 days after receiving our notice of the proposed development (or such later date as we may notify you is required to comply with applicable law); and (e) we have determined that the cost of developing the proposed Club and payment terms under the franchise agreement for that Club will not adversely affect the operation of your existing Clubs developed under this Agreement. If you elect not to exercise your Right of First Refusal, or you do not meet the conditions specified above to exercise your Right of First Refusal, we may grant any other person the right to develop that franchised Club in the Development Area on such terms as we approve in our sole discretion.

You acknowledge and agree that we have granted you the Development Rights under this Agreement and your Right of First Refusal in the Development Area exclusively conditioned on your satisfaction of the Development Schedule. Therefore, if you fail to comply with the Development Schedule as of the end of any Development Period, in addition to terminating this Agreement under Section 7 and asserting any other rights we have under this Agreement as a result of such failure, we may elect to terminate your Right of First Refusal granted under Section 1B or reduce the Development Area to a lesser area that we determine.

If your Development Area is comprised of one or more specified municipalities, then unless expressly indicate otherwise on **Exhibit A**, you understand and agree that we have approved each municipality in your Development Area for the development of one Club. To that effect, after we approve a proposed site for a Club under this Agreement, and you sign a Franchise Agreement for such Club, such municipality will no longer be part of the Development Area. Rather, all territorial protection for such Club will be governed by the terms of the Franchise Agreement that you execute.

## **1D. RESERVATION OF TERRITORIAL RIGHTS.**

Other than your right to exercise your Development Rights within your Development Area, and your Right of First Refusal described above, you have no territorial protection of any kind, and we and our affiliates retain all rights with respect to the placement and development of Clubs and other businesses using the Marks, the sale of the same, similar or dissimilar products and services, and any other business activities in any manner or in any location whatsoever, including, the right to:

- (1) establish and operate, and allow others to establish and operate, other Clubs using the Marks and the System at any location, on such terms and conditions we deem appropriate, subject only to your Right of First Refusal;
- (2) establish and operate, and allow others to establish and operate, any other type business, including any business that may offer products and services which are identical to,



similar to, or competitive with products and services offered by Clubs, under trade names, trademarks, service marks and commercial symbols other than the Marks, at any location;

(3) establish, and allow others to establish businesses and distribution channels other than a Club (including, selling products at retail or through any online presence), wherever located or operating, regardless of the nature or location of the customers with whom such other businesses and distribution channels do business, including businesses that operate under trade names, trademarks, service marks or commercial symbols that are similar to, the same, or competitive with the Marks, and/or that sell products or services that are similar to, the same, or competitive with, those that Clubs customarily sell;

(4) establish and operate, and allow others to establish and operate, any Club, or other business using the Marks and/or the System, and/or offering and selling any of the products or services that are similar to, the same, or competitive with those products or services offered by Clubs, at or through any nontraditional venues, including, temporary or seasonal facilities, outdoor parks or facilities, or business operated within any larger venue or closed market such as a stadium or entertainment center, at any location;

(5) be acquired by or acquire (whether through acquisition of assets, ownership interests or otherwise, regardless of the form of transaction), any other business, including businesses that operate or allow others to establish and operate businesses similar to, the same, or competitive with Clubs, at any location, and in the event of such an acquisition, the acquirer and its affiliates will have the right to continue to establish and operate, and authorize others to establish and operate, such businesses, at any location; and

(6) engage in all other activities not expressly prohibited by this Agreement.

#### **1E. IF YOU OPERATE AS A LEGAL BUSINESS ENTITY.**

If you are a corporation, limited liability company, general or limited partnership or other form of legal business entity (collectively, an “**Entity**”) you agree and represent that **Exhibit B** to this Agreement presents complete and accurate information about such Entity as of the Effective Date. You also agree and represent that you are validly existing and in good standing under the laws of the state of your incorporation or formation, and have the authority to execute this Agreement, and perform your obligations under this Agreement. You agree to maintain organizational documents at all times that state that this Agreement restricts the issuance and transfer of any of your ownership interests, and all certificates and other documents representing your ownership interests will bear a legend referring to this Agreement’s restrictions.

You must identify one of your owners on **Exhibit B** who is a natural person with at least a fifty-one percent (51%) ownership interest and voting power in you to act as your “**Principal Owner**” and supervise your business under this Agreement. You acknowledge and agree that your Principal Owner is authorized to deal with us on your behalf for all matters whatsoever that may arise with respect to your Development Rights and/or this Agreement. Any decision made by the Principal Owner will be final and binding on you and we will be entitled to rely solely on the decision of the Principal Owner without discussing the matter with any other party. We will not be held liable for any actions based on any decisions or actions of the Principal Owner. You represent and agree that the person acting as your Principal Owner has full power and authority to enter into this Agreement and any other documents to which you are a party, and to make binding decisions on your behalf. The

execution and delivery by your Principal Owner of this Agreement has been duly authorized by all requisite corporate action.

Each of your owners and their respective spouses must execute a guaranty in the form we prescribe, agreeing to be personally bound, jointly and severally, by all provisions of this Agreement and any ancillary agreements between you and us and/or our affiliates. Our current form of guaranty is attached hereto as **Exhibit C**.

Your business under this Agreement and the operation of Clubs under valid Franchise Agreements with us will be the only business that such Entity operates.

## **2. EXERCISE OF DEVELOPMENT RIGHTS.**

### **2A. DEVELOPMENT SCHEDULE.**

You agree to comply with the Development Schedule to: (i) execute a lease or acquisition agreement that we have accepted for a site that we have accepted for a new Club, and execute the new Franchise Agreement for such Club (each in accordance with Sections 2B and 2C), by each deadline set forth on **Exhibit A**; and (iii) develop and open each Club in accordance with the terms of its respective Franchise Agreement, by each deadline set forth on **Exhibit A**. The Development Schedule is not our representation, express or implied, that the Development Area can support, or that there are or will be sufficient sites for, the number of Clubs specified in the Development Schedule. We are relying on your representation that you have conducted your own independent investigation and have determined that you can satisfy the development obligations under the Development Schedule.

### **2B. PROPOSED SITES FOR CLUBS.**

You agree to give us all information and materials we request to assess each site at which you propose to develop a Club, including your financial and operational ability to develop and operate a Club at that site, and any letter of intent or other information about the proposed lease or acquisition of the real property of that site. We have the right to approve the site of each Club before you sign any Franchise Agreement for that Club and before that site will be deemed the site of any Club. If we provide you any information regarding a site for a Club, such information is not a representation or warranty of any kind (express, implied or collateral) of the site's suitability for a Club or any other purpose. Our approval of your proposed site is not intended to be relied on by you as an indicator of likely success, but that we believe the site meets our then acceptable criteria, which we have established for our own purposes. Applying criteria that have appeared effective with other sites and premises might not accurately reflect the potential for all sites and premises, and demographic or other factors included in or excluded from our criteria could change, even after our approval of a site or your development of the Club, altering the potential of a site. The uncertainty and instability of these criteria are beyond our control, and we are not responsible if a site and premises we approve fails to meet your expectations. You acknowledge and agree that your selection of any site as for a Club is based on your own independent investigation of the site's suitability

### **2C. EXECUTION OF FRANCHISE AGREEMENTS.**

For each Club that you develop by exercise of your Development Rights, you must sign our then-current form of Franchise Agreement, by the earlier of: (i) the date that you sign a lease or other acquisition agreement that we have approved for a site that we have approved for a new Club, or (ii)

the deadline for execution of the lease and Franchise Agreement in the Development Schedule; provided, that we reserve the right to require you to sign your first Franchise Agreement on the Effective Date. Each respective Franchise Agreement will govern the development and operation of the Club identified therein. The terms of each Franchise Agreement may differ substantially from one another, provided that the royalty we offer you under each such Franchise Agreement will not be greater than our then-current royalty rate on Effective Date.

## **2D. APPROVED AFFILIATES**

You may exercise your Development Rights for each Club that you are required to develop under your Development Schedule either through yourself or an affiliate that we have approved. If we approve one of your affiliates to undertake your development obligation for any Club, that affiliate must sign the Franchise Agreement for that Club and take any and all other actions otherwise required of you for that Club under this Agreement and/or that Franchise Agreement. Our approval of an affiliate of yours to develop a Club will not relieve you of any of your obligations under this Agreement, except to the extent expressly assumed by such approved affiliate under the terms of the Franchise Agreement for that Club. We may require you to guarantee the obligations of any approved affiliate under its Franchise Agreement using our then-current form of personal guaranty of Franchise Agreement. Other than as contemplated in this Section 2D, you may not delegate or assign any of your obligations under this Agreement other than in accordance with Article 6 of this Agreement.

## **2E. LIQUIDITY.**

We have granted the Development Rights to you based, in part, on your representations to us, and our assessment of, your levels of liquidity as of the Effective Date. You will ensure that, throughout the Term, you will maintain sufficient liquidity to meet your obligations under this Agreement. We reserve the right to review these liquidity requirements from time to time, and you agree to comply with such minimum liquidity requirements that we reasonably impose.

## **2F. RECORDS AND REPORTING.**

You agree to provide us with the following records and reports:

(1) within sixty (60) days after the Effective Date, a business plan covering your projected revenues, costs and operations under this Agreement. This business plan will include your detailed projections of costs for the development of Clubs and detailed revenue projections for your activities under this Agreement and Clubs. Within sixty (60) days after the start of each calendar year during the Term, you must update the business plan to cover both actual results for the previous year and projections for the then-current year. You acknowledge and agree that, while we may review and provide comments on the business plan and any updates you submit to us, regardless of whether we approve, disapprove, require revisions or provide other comments with respect to the business plan or any updated business plan, we take no responsibility for and make no guarantees or representations, expressed or implied, with respect to your ability to meet the business plan or to achieve the results set forth therein. You bear the entire responsibility for achievement of the business plan you develop;

(2) within fifteen (15) days after the end of each month during the Term, a report of your business activities during that month, including information about your efforts to find sites for Clubs in the Development Area and the status of development and projected openings for each Club under development;

(3) within fifteen (15) days after the end of each month, a profit and loss statement for you and your affiliates covering that month and the year-to-date, and a balance sheet as of such date; and

(4) within forty-five (45) days after the end of each calendar year, with an annual profit and loss statement and sources and use of funds statement for the previous calendar year and a balance sheet as of the end of that calendar year.

An officer must certify and sign each report and financial statement. We may disclose data derived from these reports, although we will not without your consent (unless required by law) disclose your identity in any materials that we circulate publicly.

Subject to applicable law, you agree to preserve and maintain all records in a secure location for at least five (5) years (including, but not limited to, sales checks, purchase orders, invoices, payroll records, customer lists, check stubs, tax records and returns for sales, or similar taxes, cash receipts journals, cash disbursement journals, and general ledgers). We may require you to have audited financial statements prepared annually during the Term.

### **3. FEES.**

#### **3A. DEVELOPMENT FEE.**

You must pay us a development fee equal to 50% of our then-current initial franchise fee for each Club that you are required to open pursuant to the Development Schedule (the “**Development Fee**”), on the date you sign this Agreement. The amount of the Development Fee per Club will be credited towards the initial franchise fee due for that Club. The balance of the initial franchise fee per Club will be paid as required under the terms of the Franchise Agreement. The amount of the Development Fee you must pay to us is identified on **Exhibit A** of this Agreement. The Development Fee is fully earned by us when you and we sign this Agreement and is nonrefundable.

#### **3B. METHOD OF PAYMENT.**

You must make all payments due under this Agreement in the manner we designate from time to time, and you agree to comply with all of our payment instructions. All amounts that you owe us for any reason will bear interest accruing as of their original due date at the lesser of two percent (2%) per month or the maximum rate of interest permitted by law. You acknowledge that the foregoing sentence is not our agreement to accept any payments after they are due or our commitment to extend credit to you or finance the operation of your obligations. All amounts payable by you or your owners to us or our affiliates must be in United States Dollars (\$USD).

### **4. CONFIDENTIAL INFORMATION.**

In connection with your rights under this Agreement, you and your owners and personnel may from time to time be provided and/or have access to non-public information about the System and the

operation and development of Clubs, including information arising from the Clubs you develop (the “**Confidential Information**”), including: (1) training programs and operations materials; (2) the System; (3) market research and marketing strategies (including expansion strategies and targeted demographics); (4) specifications for, suppliers of, and methods of ordering, products and services; (5) any software or technology which is proprietary to us or the System, including digital passwords and identifications and any source code of, and data, reports, and other printed materials generated by, the software or similar technology; (6) knowledge of the operating results and financial performance of Clubs; (7) information generated by you or used or developed by you, including information relating to market research; and (8) any other information designated as confidential or proprietary by us.

All Confidential Information will be owned by us (other than personally identifiable information relating to the employees, officers, contractors, owners or other personnel of you, your affiliates, or your Clubs, and/or such other personally identifiable information designated by us from time to time). You acknowledge and agree that: (i) you will not acquire any interest in any of our Confidential Information, other than the right to use it as we specify under this Agreement or the Franchise Agreements you sign, in each case in accordance with the terms of such agreement; and (ii) our Confidential Information is proprietary, includes our trade secrets, and is disclosed to you only on the condition that you will protect it. You acknowledge that any unauthorized use or disclosure of our Confidential Information would be an unfair method of competition and a breach of trust and confidence and will result in irreparable harm to us and our affiliates. You (and if you are conducting business as an Entity, each of your owners) therefore agree that during and after the Term you will, and will cause each of your respective current and former spouses, immediate family members, owners, officers, directors, employees, representatives, affiliates, successors and assigns to:

(a) process, retain, use, collect, and disclose our Confidential Information strictly to the limited extent, and in such a manner, as necessary for exercise of your Development Rights in accordance with this Agreement, and/or the operation of Clubs under the respective Franchise Agreements, and not for any other purpose of any kind;

(b) process, retain, use, collect, and disclose our Confidential Information strictly in accordance with the privacy policies and System Standards we establish from time to time, and our and our representative’s instructions;

(c) keep confidential and not disclose, sell, distribute, or trade our Confidential Information to any person other than those of your personnel and representatives who need to know such Confidential Information for the purpose of assisting you in exercising your Development Rights in accordance with this Agreement, and/or operating Clubs in accordance with Franchise Agreements with us; and you agree that you will be responsible for any violation of this requirement by any of your personnel and representatives;

(d) not make unauthorized copies of any of our Confidential Information;

(e) adopt and maintain administrative, physical and technical safeguards to prevent unauthorized use or disclosure of any of our Confidential Information, including by establishing reasonable security and access measures, restricting its disclosure to key personnel, and/or by requiring persons who have access to such Confidential Information to be bound by contractual obligations to protect such Confidential Information and preserve our

rights and controls in such Confidential Information, in each case that are no less protective or beneficial to us than the terms of this Agreement; and

- (f) at our request, destroy or return any of the Confidential Information.

Confidential Information does not include information, knowledge, or know-how, which is lawfully known to the public without violation of applicable law or an obligation to us or our affiliates.

We are not making any representations or warranties, express or implied, with respect to the Confidential Information. We and our affiliates have no liability to you for any errors or omissions from the Confidential Information.

All ideas, concepts, techniques, or materials relating to this Agreement, your Development Rights, and/or the System created by you, your owners or your employees (or for you, your owners or your employees), whether or not protectable intellectual property, must be promptly disclosed to us and will be our sole and exclusive property, part of the System, and works made-for-hire for us. To the extent that any item does not qualify as a “work made-for-hire” for us, you hereby waive all moral rights in that item, assign ownership of that item, and all related rights to that item, to us and agree to take whatever action (including signing assignment or other documents) we request to evidence our ownership or to help us obtain intellectual property rights in the item.

## **5. EXCLUSIVE RELATIONSHIP DURING TERM.**

### **5A. COVENANTS AGAINST COMPETITION.**

You acknowledge that we have granted you the Development Rights in consideration of and reliance on your agreement to deal exclusively with us. You (and if you are conducting business as an Entity, each of your owners) therefore agree not to and to cause each of your respective spouses, immediate family members, affiliates, successors, and assigns not to:

- (a) have any direct or indirect interest as an owner (whether of record, beneficially, or otherwise), investor, partner, director, officer, employee, consultant, lessor, representative, or agent in any Competitive Business (as defined below), wherever located or operating (except that equity ownership of less than five percent (5%) of a Competitive Business whose stock or other forms of ownership interest are publicly traded on a recognized United States stock exchange will not be deemed to violate this subparagraph);
- (b) perform services or act as a director, officer, manager, employee, consultant, lessor, representative, or agent for a Competitive Business, wherever located or operating; or
- (c) divert or attempt to divert any actual or potential business or customer of any Club to a Competitive Business.

You agree to obtain similar covenants and covenants of confidentiality from your personnel as we specify, including officers, directors, managers and other employees attending our training program or having access to Confidential Information. We have the right to regulate the form of agreement that you use and to be a third-party beneficiary of that agreement with independent enforcement rights.

The term “**Competitive Business**” means any business (excluding Clubs operated under a franchise agreement with us or an affiliate) operating or granting franchises or licenses to others to operate any recreational facility or similar business that: (i) features pickleball courts, and/or other attractions, products, or services substantially similar to those offered by Clubs; or (ii) derives more than 20% of its gross revenue from parties and events.

**5B. NON-INTERFERENCE.**

During and after the Term, you (and if you are conducting business as an Entity, each of your owners) agree not to, and to cause your respective current and former spouses, immediate family members, owners, officers, directors, employees, representatives, affiliates, successors and assigns not to solicit, interfere, or attempt to interfere with our or our affiliates’ relationships with any customers, franchisees, lenders, vendors, or consultants.

**5C. NON-DISPARAGEMENT.**

During and after the Term, you (and if you are conducting business as an Entity, each of your owners) agree not to, and to cause your respective current and former spouses, immediate family members, owners, officers, directors, employees, representatives, affiliates, successors and assigns not to: (i) disparage or otherwise speak or write negatively, directly or indirectly, of us, our affiliates, any of our or our affiliates’ directors, officers, employees, representatives or affiliates, “The Pickle Pad” brand, the System, any Club, any business using the Marks, or any other brand concept operated or franchised by us or our affiliates; (ii) take any other action which would, directly or indirectly, subject any of the foregoing to ridicule, scandal, reproach, scorn, or indignity, or which would negatively impact or injure the goodwill of the System or the Marks; or (iii) take any other action which would constitute an act of moral turpitude and/or is or could reasonably become the subject of public scandal, disrepute, or infamy.

**6. TRANSFER.**

**6A. BY US.**

You acknowledge that we maintain a staff to manage and operate the franchise system and that staff members can change as employees come and go. You acknowledge that you did not sign this Agreement in reliance on the continued participation by or employment of any of our shareholders, directors, officers, or employees. We may change our ownership or form of organization and/or assign this Agreement and any other agreement to a third party without restriction or your consent. After our assignment of this Agreement to a third party who expressly assumes the obligations under this Agreement, we will be released and will no longer have any obligations or liabilities under this Agreement. This Agreement and any other agreement will inure to the benefit of any transferee or other legal successor to our interest in it.

**6B. BY YOU.**

You acknowledge that the rights and duties under this Agreement creates are personal to you and your owners , and that we have granted you the franchise in reliance on our perception of your and your owners’ individual or collective character, skill, aptitude, attitude, business ability, and financial capacity. Accordingly, without our prior written approval, you may not transfer, pledge, or encumber, or attempt to transfer, pledge or encumber (including by listing any of the following for sale on any

directory or listing), any of the following: (i) this Agreement (or any interest in this Agreement); (ii) your Development Rights (or any right to receive all or a portion of your profits or losses or capital appreciation); (iii) substantially all of the assets of the business you operate under this Agreement; or (iv) any direct or indirect ownership interest in you. A transfer of your Development Rights may only be made with a transfer of this Agreement and each of the Clubs you have developed under this Agreement (in accordance with the terms of the Franchise Agreement for such Clubs). Any transfer without our approval is a breach of this Agreement and has no effect. In this Agreement, the term “transfer” includes a voluntary, involuntary, direct, or indirect assignment, sale, gift, or other disposition, including transfer by reason of merger, consolidation, issuance of additional securities, death, disability, divorce, insolvency, foreclosure, surrender or by operation of law.

Notwithstanding anything in this Section 6B to the contrary, if you enter into this Agreement as an individual, if you are in full compliance with this Agreement, you may transfer this Agreement to an Entity in which you maintain management control, and of which you own and control 100% of the equity and voting power of all issued and outstanding ownership interests; provided, that (i) that Entity will own all of your assets, and will conduct all of your business under this Agreement, (ii) that Entity will conduct no business other than exercising your Development Rights and owning and operating Clubs, (iii) that Entity must expressly assume all of your obligations under this Agreement, (iv) you provide us with all organizational documents for the Entity that we require, and (v) you reimburse us for any direct costs we incur in processing such transfer, including attorneys’ fees. You agree to remain personally liable under this Agreement as if the transfer to the Entity did not occur, including by signing a personal guaranty of the obligations of such entity. You must also sign the form of consent to assignment and assignment satisfactory to us which may include a release of any and all claims (except for claims which cannot be released or waived pursuant to an applicable franchise law statute) against us and our owners, officers, directors, employees and agents.

## **6C. CONDITIONS FOR APPROVAL OF TRANSFER.**

Subject to the other provisions of this Section 6, we will approve a transfer that meets all of the following requirements before or concurrently with the effective date of the transfer:

(1) you submit an application in writing requesting our consent and providing us all information or documents we request about the proposed transfer, the transferee, and its owners that we request, and each such person must have completed and satisfied all of our application and certification requirements;

(2) you provide us executed versions of any documents executed by you (or your owners) and transferee (and its owners) to effect the transfer, and all other information we request about the proposed transfer, and such transfer meets all of our requirements, including terms, closing date, purchase price, amount of debt and payment terms, and we have determined that the purchase price and payment terms of the transfer will not adversely affect the transferee’s operation of your Development Rights or Clubs;

(3) you (and your owners) and the transferee (and its owners) sign all of the documents we are then requiring in connection with a transfer, in a form satisfactory to us, including: (i) a release of any and all claims (except for claims which cannot be released or waived pursuant to an applicable franchise law statute) against us and our affiliates and our and their owners, officers, directors, employees, and agents, and (ii) covenants that you and your transferring owners agree to satisfy all post-termination obligations under this Agreement;



(4) you and your owners have not violated any provision of this Agreement or any other agreement with us or our affiliates during both the sixty (60) day period before you requested our consent to the transfer and the period between your request and the effective date of the transfer, including that you are in full compliance with your Development Schedule and have submitted all required reports and statements;

(5) you and your owners have satisfied all conditions to transfer your Clubs under the terms of each applicable Franchise Agreement for such Clubs, including transfer of any applicable real estate leases, vendor contracts, and transfer fees;

(6) the transferee must (if the transfer is of this Agreement or your Development Rights), sign our then-current form of area development agreement and related documents, any and all of the provisions of which may differ materially from any and all of those contained in this Agreement; provided, that the Development Schedule of the new area development agreement will equal the remainder of the then-remaining Development Schedule of this Agreement;

(7) the transferee must (if the transfer is of an ownership interest in you or your owners), and/or any other parties that are direct or indirect owners of the transferee must (if the transfer is of this Agreement or your Development Rights), sign our then-current form of guaranty, agreeing to be personally bound, jointly and severally, by all provisions of this Agreement and any ancillary agreements between you and us;

(8) other than for a transfer of a non-controlling interest in you, you pay us a transfer fee equal to \$15,000;

(9) if you or your owners finance any part of the purchase price, you and/or your owners agree that all of the transferee's obligations under promissory notes, agreements, or security interests reserved in your Development Rights or any Clubs are subordinate to the transferee's obligation to amounts due to us, our affiliates, and otherwise to comply with this Agreement and each Franchise Agreement; and

(10) you provide us the evidence we reasonably request to show that appropriate measures have been taken to effect the transfer as it relates to the exercise of your rights under this Agreement, including, by transferring all necessary and appropriate business licenses, insurance policies, and material agreements, or obtaining new business licenses, insurance policies and material agreements.

We may review all information regarding your Development Rights and/or any Clubs that you give the transferee, correct or supplement any information that we believe is inaccurate or incomplete, and give the transferee copies of any reports that you have given us.

Our consent to a transfer pursuant to this Section is not a representation of the fairness of the terms of any contract between you and the transferee, a guarantee of your or the transferee's prospects of success, or a waiver of any claims we have against you (or your owners) or of our right to demand the transferee's full compliance with this Agreement.

## **6D. OUR RIGHT OF FIRST REFUSAL.**

If you or any of your owners at any time decide to sell any of the following: (i) this Agreement (or any interest in this Agreement); (ii) your Development Rights (or any right to receive all or a portion of your profits or losses or capital appreciation); (iii) substantially all of the assets of the business you operate under this Agreement; or (iv) any direct or indirect ownership interest in you, you agree to obtain a bona fide executed written offer, relating to the proposed transfer from a responsible and fully disclosed buyer and send to us a true and complete copy of that written offer. The offer must include details of the payment terms of the proposed sale and the sources and terms of any financing for the proposed purchase price. To be a valid, bona fide offer, the proposed purchase price must be in a dollar amount, and the proposed buyer must submit with its offer an earnest money deposit equal to 5% or more of the offering price. We may also require you to send us copies of any materials or information sent to the proposed buyer or transferee regarding the possible transaction.

We may elect to purchase the interest offered for the price and on the terms and conditions contained in the offer, provided that:

- (1) we notify you or your selling owner(s) that we intend to purchase the interest within thirty (30) days after we receive a copy of the offer and all other information we request;
- (2) we may substitute cash for any form of payment proposed in the offer (such as ownership interests in a privately-held entity);
- (3) our credit will be deemed equal to the credit of any proposed buyer (meaning that, if the proposed consideration includes promissory notes, we or our designee may provide promissory notes with the same terms as those offered by the proposed buyer);
- (4) we will have an additional sixty (60) days to prepare for closing after notifying you of our election to purchase; and
- (5) we must receive, and you and your owners agree to make, all customary representations and warranties given by the seller of the assets of a business or the ownership interests in any legal business entity, as applicable, including representations and warranties regarding: (a) ownership and condition of and title to ownership interests and/or assets; (b) liens and encumbrances relating to ownership interests and/or assets; and (c) validity of contracts and the liabilities, contingent or otherwise, of the entity whose assets or ownership interests are being purchased.

We have the unrestricted right to assign any or all of this right of first refusal to a third party, who then will have the rights described in this Section 6D.

If we do not exercise our right of first refusal, you or your owners may complete the sale to the proposed buyer on the original offer's terms, but only if we otherwise approve the transfer in accordance with Sections 6B and 6C above, and if you and your owners and the transferee comply with the conditions in Sections 6B and 6C above.

If you do not complete the sale to the proposed buyer within sixty (60) days after we notify you that we do not intend to exercise our right of first refusal, or if there is a material change in the

terms of the sale (which you agree to tell us promptly), we or our designee will have an additional right of first refusal on the same terms as described above.

#### **6E. YOUR DEATH OR DISABILITY.**

On the death or disability of you (or if you are an Entity, any of your owners), such person's executor, administrator, conservator, guardian, or other personal representative must transfer such person's interest in this Agreement, your Development Rights, or ownership interest in you, to a third party (which may be such person's heirs, beneficiaries, or devisees). That transfer must be completed within a reasonable time, not to exceed nine (9) months from the date of death or disability, and is subject to all of the terms and conditions in this Section 6 (except that any transferee that is the spouse or immediate family member of the deceased, will not have to pay the transfer fee described in Section 6C(8) if the transfer meets all the other conditions in Section 6C, and the transferee reimburses us for any direct costs we incur in connection with documenting and otherwise processing such transfer, including reasonable attorneys' fees). The term "**disability**" means a mental or physical disability, impairment, or condition that is reasonably expected to prevent or actually does prevent such person from fulfilling such person's respective duties under this Agreement, as applicable.

In the event of the death of you (if you are an individual) or your Principal Owner (if you are an Entity), the deceased person's executor, administrator, conservator, guardian, or other personal representative must within a reasonable time, not to exceed fifteen (15) days from the date of death or disability, appoint a manager who we approve and who has completed our then-current training program to satisfy your obligations under the terms of this Agreement.

### **7. TERMINATION OF AGREEMENT.**

#### **7A. TERMINATION BY YOU – OUR BREACH.**

You may terminate this Agreement if you and your owners are in full compliance with this Agreement and we materially fail to comply with this Agreement, and (i) we fail to correct the failure within thirty (30) days after you deliver written notice of the material failure to us, or (ii) if we cannot correct the failure within thirty (30) days, we fail to give you reasonable evidence of our effort to correct the failure within a reasonable time. Your termination under this Section 7A will be effective thirty (30) days after you deliver to us the written notice of termination.

#### **7B. TERMINATION BY US – YOUR BREACH.**

We may terminate this Agreement, effective immediately on delivery of written notice of termination to you, if:

- (1) you or any of your owners or affiliates have made or make any material misrepresentation or omission in acquiring or exercising your Development Rights;
- (2) you fail to satisfy any deadline in your Development Schedule;
- (3) you abandon your Development Rights, cease or threaten to cease exercising your Development Rights, or fail to make good faith progress in exercising your Development Rights, such that in our determination you will not be able to satisfy any applicable deadline in your Development Schedule;

(4) you or any of your owners make or attempt to make any transfer in violation of Section 6;

(5) you or any of your owners are or have been convicted by a trial court of, or pleaded guilty or no contest to, an indictable or hybrid offense;

(6) you or any of your owners or affiliates knowingly make any unauthorized use or disclosure of any Confidential Information;

(7) you violate any of your obligations under Section 5 of this Agreement;

(8) you or any of your owners make an assignment for the benefit of creditors or admit in writing your insolvency or inability to pay your debts generally as they become due; you or any of your owners consent to the appointment of a receiver, trustee, or liquidator of all or the substantial part of your property;

(9) your business or any of its assets are attached, seized, subjected to a writ or distress warrant, or levied on, unless the attachment, seizure, writ, warrant, or levy is vacated within thirty (30) days; or any order appointing a receiver, trustee, or liquidator is not vacated within thirty (30) days following the order's entry;

(10) your or any of your owners' assets, property, or interests are blocked under any law, ordinance, or regulation relating to terrorist activities, or you or any of your owners otherwise violate any such law, ordinance, or regulation; or

(11) you or your owners breach any other provision or obligation under this Agreement, or any other agreement between you or any of your owners or affiliates, and us or our affiliates, and such breach has not been cured within thirty (30) days after written notice from us.

If you terminate this Agreement other than according to Section 6A, the termination will be deemed a termination without cause and a breach of this Agreement.

## **8. RIGHTS AND OBLIGATIONS UPON TERMINATION OR EXPIRATION.**

### **8A. DE-IDENTIFICATION.**

Unless we expressly notify you in writing that we are waiving any of the requirements below in connection with the transfer of your Development Rights to another person (and in such case you agree to comply with our instructions regarding an orderly transition for such transfer and not take any actions in contravention of such instructions or transition), upon termination or expiration of this Agreement you and your owners must immediately:

(a) cease to directly or indirectly exercise your Development Rights or otherwise conducting any business under this Agreement, including to cases searching for or soliciting or negotiating sites or leases for any Club, or;

(b) cease to directly or indirectly identify yourself or your business as a current or former area developer or franchise owner or as one of our current or former area developer or

franchise owner (except in connection with other Clubs you operate in compliance with the terms of a valid Franchise Agreement with us);

(c) return to us or destroy (as we require) all items, forms and materials containing any Mark or otherwise identifying or relating to a Club or the System, including copies of any and all Confidential Information; and

(d) comply with all other system standards that we establish from time to time (and all applicable laws) in connection with the termination of development rights.

If you fail to take any of the actions or refrain from taking any of the actions described above, we may take whatever action and sign whatever documents we deem appropriate on your behalf to cure the deficiencies. You must reimburse us for all costs and expenses we incur in correcting any such deficiencies.

## **8B. COVENANT NOT TO COMPETE.**

For two (2) years beginning on the effective date of termination or expiration of this Agreement, you (and if you are conducting business as an Entity, each of your owners) agree not to and to cause each of your respective spouses, immediate family members, affiliates, successors, and assigns not to have any direct or indirect interest as an owner (whether of record, beneficially, or otherwise), investor, partner, director, officer, employee, consultant, lessor, representative, or agent in any Competitive Business located or operating (a) within the Development Area, or (b) within a 10-mile radius of any other Club operated by us, our affiliates, or any franchisee of us or our affiliates.

If any person restricted by this Section 7D fails to comply with these obligations as of the date of termination or expiration, the two (2) year restricted period for that person will commence on the date the person begins to comply with this Section 7D, which may be the date a court order is entered enforcing this provision. You and your owners expressly acknowledge that you possess skills and abilities of a general nature and have other opportunities for exploiting these skills. Consequently, our enforcing the covenants made in this Section 7D will not deprive you of your personal goodwill or ability to earn a living.

The restrictions in this Section 7D will also apply after any transfer, to the transferor and its owners, for a period of two (2) years beginning on the effective date of the transfer, with the force and effect as though this Agreement had been terminated for such parties as of such date.

## **8C. CONTINUING OBLIGATIONS.**

All of our and your (and your owners') obligations which expressly or by their nature survive this Agreement's expiration or termination will continue in full force and effect subsequent to and notwithstanding its expiration or termination and until they are satisfied in full or by their nature expire. Without limiting the generality of the foregoing, the parties expressly acknowledge that each of the following provisions of this Agreement will survive the Agreement's expiration or termination: Section 4 (Confidential Information); Section 5B (Non-Interference); Section 5C (Non-Disparagement); Section 8 (Rights and Obligations Upon Termination or Expiration); Section 9 (Relationship of the Parties/Indemnification); and Section 10 (Enforcement).

**9. RELATIONSHIP OF THE PARTIES/INDEMNIFICATION.**

**9A. INDEPENDENT CONTRACTORS.**

We and you hereby acknowledge and agree that each of us is an independent contractor, and we are and will be independent contractors. This Agreement does not create a fiduciary relationship between you and us, and that nothing in this Agreement is intended to make either you or us a general or special agent, joint venturer, partner, or employee of the other for any purpose. You agree to identify yourself conspicuously to all persons (including customers, suppliers, public officials, and Club employees) as the sole owner and operator of your Development Rights and the business you conduct under this Agreement and indicate clearly that you operate your business separately and independently from our business operations. You agree to place notices of independent ownership on all interior and exterior signage, forms, business cards, stationery, advertising, and other materials that we may require from time to time. You may not make any express or implied agreements, warranties, guarantees, or representations, or incur any debt, in our name or on our behalf or represent that your and our relationship is anything other than franchisor and franchise owner.

We have no right or duty to direct your employees in the course of their employment for you. You are solely responsible for the terms and conditions of employment of your employees. We will not be obligated for any damages to any person or property directly or indirectly arising out of your Development Rights or the business you conduct under this Agreement.

**9B. NO LIABILITY FOR ACTS OF OTHER PARTY.**

We and you may not make any express, implied or collateral agreements, warranties, guarantees, or representations, or incur any debt, in the name or on behalf of the other or represent that our respective relationship is other than franchisor and franchise owner. We will not be obligated for any damages to any person or property directly or indirectly arising out of your Development Rights or the business you conduct under this Agreement.

**9C. TAXES.**

Any and all amounts expressed as being payable to us pursuant to this Agreement are exclusive of applicable taxes. Accordingly, if applicable, all payments by you to us will, in addition, include an amount equal to any and applicable taxes, assessments or amounts of a like nature imposed on any payments to be made pursuant to this Agreement. We will have no liability for any sales, occupation, excise, gross revenue, income, property, or other applicable taxes, whether levied on you due to the business you conduct (except for our income taxes). You are responsible for paying these taxes and if we pay any taxes to any state or federal taxing authority on account of either your operation or payments that you make to us (except for our income taxes), or any expenses we incur in reviewing, paying or disputing such taxes, such amounts will be subject to indemnification by you under Section 9D.

**9D. INDEMNIFICATION.**

You agree to indemnify, defend, and hold harmless us, our affiliates, and our and their respective owners, directors, officers, employees, agents, successors, and assigns (the “**Indemnified Parties**”) against, and to reimburse any one or more of the Indemnified Parties for, all claims, obligations, and damages directly or indirectly arising out of your Development Rights, the business

you conduct under this Agreement, and/or your breach of this Agreement, including those alleged to be or found to have been caused by the Indemnified Party's gross negligence or willful misconduct, unless (and then only to the extent that) the claims, obligations, or damages are determined to be caused solely by our gross negligence or willful misconduct in a final, unappealable ruling issued by a court or arbitrator with competent jurisdiction. For purposes of this indemnification, "**claims**" include all obligations, damages (actual, consequential, or otherwise), and costs that any Indemnified Party reasonably incurs in defending any claim against it, including reasonable accountants', arbitrators', attorneys', and expert witness fees, costs of investigation and proof of facts, court costs, travel and living expenses, and other expenses of litigation, arbitration, or alternative dispute resolution, regardless of whether litigation, arbitration, or alternative dispute resolution is commenced. Each Indemnified Party may, in its discretion and at your expense control the defense of any claim against it (including choosing and retaining its own legal counsel), agree to settlement of claims against it, and take any other remedial, corrective, or other actions in response to such claims.

This indemnity will continue in full force and effect subsequent to and notwithstanding this Agreement's expiration or termination or purported rescission. An Indemnified Party need not seek recovery from any insurer or other third party, or otherwise mitigate its losses and expenses, to maintain and recover fully a claim for indemnity under this Section 9D. You agree that a failure to pursue a recovery or mitigate a loss will not reduce or alter the amounts that an Indemnified Party may recover under this Section 9D.

## **10. ENFORCEMENT.**

### **10A. MEDIATION.**

Either party may initiate a mediation process by notifying the other party in writing. The parties agree to conduct the mediation in accordance with the then current Commercial Mediation Procedures of the American Arbitration Association (the "**AAA**"), except to the extent the rules conflict with this Agreement, in which case this Agreement shall control; however, the mediation need not be administered by the AAA unless the parties cannot agree upon the selection of a mediator within thirty days of the receipt of the written notice of mediation. If the parties cannot reach agreement upon the selection of a mediator, either party may commence a mediation proceeding by making a request for mediation to the AAA regional office closest to our (or our successor's or assign's, as applicable) then current principal place of business (currently, Dallas, Texas), with a copy to the other party. The written request for mediation shall describe with specificity the nature of the dispute and the relief sought. Both parties are obligated to engage in the mediation.

The mediation will be conducted by a single mediator with no past or present affiliation or conflict with any party to the mediation. The parties agree that the mediator will be disqualified as a witness, expert, consultant, or attorney in any pending or subsequent proceeding relating to the dispute which is the subject of the mediation. In the event the parties cannot agree on a mediator and the AAA administers the mediation, the AAA will provide the parties with a list of mediators willing to serve. If the parties do not agree upon a mediator, and so advise the AAA in writing, within 10 days of receipt of such list, the AAA will appoint the mediator. The fees and expenses of the AAA, if applicable, and the mediator's fee, will be shared equally by the parties. Each party will bear its own attorneys' fees and other costs incurred in connection with the mediation irrespective of the outcome of the mediation or the mediator's evaluation of each party's case. The mediation proceeding will commence within 30 days after selection of the mediator.

Regardless of which party initiates the mediation, the mediation will be conducted at our principal offices, unless the parties agree upon a mutually acceptable alternative location. At least 14 days before the first scheduled session of the mediation, the initiating party will deliver to the mediator and to the other party a concise written summary of its position with respect to the matters in dispute and the claims for relief, and such other matters required by the mediator and at least 7 days before the first scheduled session of mediation, the responding party will deliver to the mediator and to the other party a concise written summary of its position with respect to the matters in dispute and responding party's defenses or counterclaims, and such other matters required by the mediator.

The mediation proceeding will be treated as a compromise settlement negotiation. All offers, promises, conduct and statements, whether oral or written, made in the course of the mediation proceeding by any party or their agents, experts, counsel, employees, or representatives, and by the mediator are confidential. Such offers, promises, conduct and statements may not be disclosed to any third party and are privileged and inadmissible for any purpose, including impeachment, under applicable laws or rules of evidence; provided however, that evidence otherwise discoverable or admissible will not be rendered not discoverable or inadmissible as a result of its use in the mediation. If a party informs the mediator that information is conveyed in confidence by the party to the mediator, the mediator will not disclose the information.

Nothing in this Section will prevent either party from pursuing other legal actions and remedies as permitted under this Agreement.

## **10B. ARBITRATION.**

All controversies, disputes, or claims between us or any of our affiliates (and our and their respective shareholders, officers, directors, agents, and employees), on the one hand, and you (and your owners, guarantors, affiliates, and employees), on the other hand, arising out of or related to: (1) this Agreement or any other agreement between you (or any of your owners) and us (or any of our affiliates); (2) our relationship with you; (3) the scope or validity of this Agreement or any other agreement between you (or any of your owners) and us (or any of our affiliates) or any provision of any of such agreements (including the validity and scope of the arbitration provision under this Section, which we and you acknowledge is to be determined by an arbitrator, not a court); or (4) your Development Rights, must be submitted for binding arbitration, on demand of either party, to the AAA. The arbitration proceedings will be conducted by one arbitrator and, except as this Section otherwise provides, according to the AAA's then current Commercial Arbitration Rules. All proceedings will be conducted at a suitable location chosen by the arbitrator that is within 50 miles of our (or our successor's or assign's, as applicable) then current principal place of business (currently, Dallas, Texas). All matters relating to arbitration will be governed by the Federal Arbitration Act (9 U.S.C. §§ 1 et seq.). The interim and final awards of the arbitrator shall be final and binding upon each party, and judgment upon the arbitrator's awards may be entered in any court of competent jurisdiction.

The arbitrator has the right to award or include in his or her awards any relief which he or she deems proper, including money damages, pre- and post-award interest, interim costs and attorneys' fees, specific performance, and injunctive relief, provided that the arbitrator may not declare any of the trademarks owned by us or our affiliates generic or otherwise invalid, or award any punitive or exemplary damages against any party to the arbitration proceeding (we and you hereby waiving to the fullest extent permitted by law any such right to or claim for any punitive or exemplary damages against



any party to the arbitration proceeding). In any arbitration brought pursuant to this arbitration provision, and in any action in which a party seeks to enforce compliance with this arbitration provision, the prevailing party shall be awarded its costs and expenses, including attorneys' fees, incurred in connection therewith.

In any arbitration proceeding, each party will be bound by the provisions of any applicable contractual or statutory limitations provision, whichever expires earlier. Each party must submit or file any claim which would constitute a compulsory counterclaim (as defined by Rule 13 of the Federal Rules of Civil Procedure) within the same proceeding. Any claim which is not submitted or filed as required will be forever barred. The arbitrator may not consider any settlement discussions or offers that might have been made by any party.

**ARBITRATION PROCEEDINGS WILL BE CONDUCTED ON AN INDIVIDUAL BASIS. NO ARBITRATION PROCEEDING MAY BE: (I) CONDUCTED ON A CLASS-WIDE BASIS, (II) COMMENCED, CONDUCTED OR CONSOLIDATED WITH ANY OTHER ARBITRATION PROCEEDING, (III) JOINED WITH ANY SEPARATE CLAIM OF AN UNAFFILIATED THIRD-PARTY, OR (IV) BROUGHT ON BEHALF OF ANY PARTY BY ANY ASSOCIATION OR AGENT.** Notwithstanding the foregoing, if any court or arbitrator determines that all or any part of the preceding sentence is unenforceable with respect to a dispute, controversy or claim that otherwise would be subject to arbitration under this Section, then all parties agree that this arbitration clause shall not apply to that dispute, controversy or claim and that such dispute, controversy or claim shall be resolved in a judicial proceeding in accordance with the dispute resolution provisions of this Agreement.

In any arbitration arising as described in this Section, the arbitrator shall have full authority to manage any necessary exchange of information among the parties with a view to achieving an efficient and economical resolution of the dispute. The parties may only serve reasonable requests for documents, which must be limited to documents upon which a party intends to rely or documents that are directly relevant and material to a significant disputed issue in the case or to the case's outcome. The document requests shall be restricted in terms of time frame, subject matter and persons or entities to which the requests pertain, and shall not include broad phraseology such as "all documents directly or indirectly related to." No interrogatories or requests to admit shall be propounded unless the parties later mutually agree to their use.

The provisions of this Section are intended to benefit and bind certain third-party non-signatories. The provisions of this Section will continue in full force and effect subsequent to and notwithstanding the expiration or termination of this Agreement. Any provisions of this Agreement below that pertain to judicial proceedings shall be subject to the agreement to arbitrate contained in this Section.

#### **10C. GOVERNING LAW.**

**ALL MATTERS RELATING TO MEDIATION AND/OR ARBITRATION WILL BE GOVERNED BY THE FEDERAL ARBITRATION ACT (9 U.S.C. §§ 1 ET SEQ.). EXCEPT TO THE EXTENT GOVERNED BY THE FEDERAL ARBITRATION ACT, THE UNITED STATES TRADEMARK ACT OF 1946 (LANHAM ACT, 15 U.S.C. SECTIONS 1051 ET SEQ.), OR OTHER FEDERAL LAW, THIS AGREEMENT (OR ANY OTHER AGREEMENT BETWEEN US AND OUR AFFILIATES, AND YOU AND YOUR AFFILIATES), YOUR DEVELOPMENT RIGHTS, AND ALL CLAIMS ARISING FROM THE RELATIONSHIP BETWEEN US AND YOU WILL BE**

GOVERNED BY THE LAWS OF THE STATE OF DELAWARE, WITHOUT REGARD TO ITS CONFLICT OF LAWS RULES, EXCEPT THAT ANY STATE LAW REGULATING THE OFFER OR SALE OF FRANCHISES OR GOVERNING THE RELATIONSHIP OF A FRANCHISOR AND ITS FRANCHISEE WILL NOT APPLY UNLESS ITS JURISDICTIONAL REQUIREMENTS ARE MET INDEPENDENTLY WITHOUT REFERENCE TO THIS SECTION.

**10D. CONSENT TO JURISDICTION.**

Subject to Section 10B above and the provisions below, we and you agree that all controversies, disputes, or claims between us or any of our affiliates (and our and their respective shareholders, officers, directors, agents, and employees), on the one hand, and you (and your owners, guarantors, affiliates, and employees), on the other hand, arising out of or related to this Agreement or any other agreement between you (or any of your owners) and us (or any of our affiliates) or our relationship with you must be commenced exclusively in state or federal court closest to our (or our successor's or assign's, as applicable) then-current principal place of business (currently, Dallas, Texas), and the parties irrevocably consent to the jurisdiction of those courts and waive any objection to either the jurisdiction of or venue in those courts. Nonetheless, the parties agree that any of us may enforce any arbitration orders and awards in the courts of the state or states in which you are or your Clubs are located.

**10E. COSTS AND ATTORNEYS' FEES.**

The prevailing party in any arbitration or litigation arising out of or relating to this Agreement will be entitled to recover from the other party all damages, costs and expenses, including court costs and reasonable attorneys' fees incurred by the prevailing party in successfully enforcing any provision of this Agreement.

**10F. RIGHTS OF PARTIES ARE CUMULATIVE.**

Our and your rights under this Agreement are cumulative, and our or your exercise or enforcement of any right or remedy under this Agreement will not preclude our or your exercise or enforcement of any other right or remedy which we or you are entitled by law to enforce.

**10G. WAIVER OF PUNITIVE DAMAGES AND JURY TRIAL.**

EXCEPT FOR YOUR OBLIGATION TO INDEMNIFY US FOR THIRD PARTY CLAIMS UNDER SECTION 9D, AND EXCEPT FOR PUNITIVE DAMAGES AVAILABLE TO EITHER PARTY UNDER APPLICABLE LAW, WE AND YOU (AND YOUR OWNERS) WAIVE TO THE FULLEST EXTENT PERMITTED BY LAW ANY RIGHT TO OR CLAIM FOR ANY PUNITIVE, EXEMPLARY, OR MULTIPLE DAMAGES AGAINST THE OTHER AND AGREE THAT, IN THE EVENT OF A DISPUTE BETWEEN US AND YOU, THE PARTY MAKING A CLAIM WILL BE LIMITED TO EQUITABLE RELIEF AND TO RECOVERY OF ANY ACTUAL DAMAGES IT SUSTAINS. WE AND YOU IRREVOCABLY WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING, OR COUNTERCLAIM, WHETHER AT LAW OR IN EQUITY, BROUGHT BY EITHER OF US.

**10H. INJUNCTIVE RELIEF.**

Nothing in this Agreement, including the provisions of Section 10A and 10B, bars our right to obtain specific performance of the provisions of this Agreement and injunctive or other equitable relief against threatened conduct that will cause us, the Marks and/or the System loss or damage, under customary equity rules, including applicable rules for obtaining restraining orders and injunctions. You agree that we may obtain such injunctive relief in addition to such further or other relief as may be available at law or in equity. You agree that we will not be required to post a bond to obtain injunctive relief and that your only remedy if an injunction is entered against you will be the dissolution of that injunction, if warranted, upon due hearing (all claims for damages by injunction being expressly waived hereby).

**10I. BINDING EFFECT.**

This Agreement is binding on us and you and our and your respective executors, administrators, heirs, beneficiaries, permitted assigns, and successors in interest. This Agreement may not be modified except by a written agreement signed by both our and your duly-authorized officers.

**10J. LIMITATIONS OF CLAIMS AND CLASS ACTION BAR.**

EXCEPT FOR CLAIMS ARISING FROM YOUR NON-PAYMENT OR UNDERPAYMENT OF AMOUNTS YOU OWE US, ANY AND ALL CLAIMS ARISING OUT OF OR RELATING TO THIS AGREEMENT (OR ANY OTHER AGREEMENT BETWEEN US AND OUR AFFILIATES, AND YOU AND YOUR AFFILIATES), YOUR DEVELOPMENT RIGHTS, AND ALL CLAIMS ARISING FROM THE RELATIONSHIP BETWEEN US AND YOU WILL BE BARRED UNLESS A JUDICIAL OR ARBITRATION PROCEEDING IS COMMENCED IN ACCORDANCE WITH THIS AGREEMENT WITHIN ONE (1) YEAR FROM THE DATE ON WHICH THE PARTY ASSERTING THE CLAIM KNEW OR SHOULD HAVE KNOWN OF THE FACTS GIVING RISE TO THE CLAIMS.

WE AND YOU AGREE THAT ANY PROCEEDING WILL BE CONDUCTED ON AN INDIVIDUAL BASIS AND THAT ANY PROCEEDING BETWEEN US AND ANY OF OUR AFFILIATES, OR OUR AND THEIR RESPECTIVE SHAREHOLDERS, OFFICERS, DIRECTORS, AGENTS, AND EMPLOYEES, ON THE ONE HAND, AND YOU (OR YOUR OWNERS, GUARANTORS, AFFILIATES, AND EMPLOYEES), ON THE OTHER HAND, MAY NOT BE: (I) CONDUCTED ON A CLASS-WIDE BASIS, (II) COMMENCED, CONDUCTED OR CONSOLIDATED WITH ANY OTHER PROCEEDING, (III) JOINED WITH ANY CLAIM OF AN UNAFFILIATED THIRD-PARTY, OR (IV) BROUGHT ON YOUR BEHALF BY ANY ASSOCIATION OR AGENT.

NO PREVIOUS COURSE OF DEALING WILL BE ADMISSIBLE TO EXPLAIN, MODIFY, OR CONTRADICT THE TERMS OF THIS AGREEMENT. NO IMPLIED COVENANT OF GOOD FAITH AND FAIR DEALING WILL BE USED TO ALTER THE EXPRESS TERMS OF THIS AGREEMENT.

**10K. SEVERABILITY AND SUBSTITUTION OF VALID PROVISIONS.**

Except as expressly provided to the contrary in this Agreement, each provision of this Agreement is severable, and if any part of this Agreement is held to be invalid or contrary to or in

conflict with any applicable present or future law, ordinance or regulation for any reason (in a final, unappealable ruling issued by any court, agency, or tribunal with competent jurisdiction), that ruling will not impair the operation of, or otherwise affect, any other portions of this Agreement, which will continue to have full force and effect and bind the parties.

If any covenant which restricts competitive activity is deemed unenforceable by virtue of its scope in terms of area, business activity prohibited, and/or length of time, but would be enforceable if modified, you and we agree that the covenant will be enforced to the fullest extent permissible under the laws and public policies applied in the jurisdiction whose law determines the covenant's validity.

If any applicable and binding law, ordinance, rule, or regulation of any jurisdiction requires more notice of this Agreement's termination or of our refusal to enter into a renewal franchise agreement than this Agreement requires, or some other action that this Agreement does not require, or any provision of this Agreement is invalid, unenforceable, or unlawful, the notice and/or other action required by the law, ordinance, rule or regulation will be substituted for the comparable provisions of this Agreement, and we may modify the invalid or unenforceable provision to the extent required to be valid and enforceable or delete the unlawful provision in its entirety. You agree to be bound by any promise or covenant imposing the maximum duty the law permits which is subsumed within any provision of this Agreement, as though it were separately articulated in and made a part of this Agreement.

#### **10L. WAIVER OF OBLIGATIONS.**

We and you may by written instrument unilaterally waive or reduce any obligation of or restriction on the other under this Agreement, effective on delivery of written notice to the other or another effective date stated in the notice of waiver. Any waiver granted will be without prejudice to any other rights we or you have, will be subject to continuing review, and may be revoked at any time and for any reason effective on delivery of ten (10) days' prior written notice. We and you will not waive or impair any right, power, or option this Agreement reserves (including our right to demand exact compliance with every term, condition, and covenant or to declare any breach to be a default and to terminate this Agreement before its term expires) because of any custom or practice at variance with this Agreement's terms; our or your failure, refusal, or neglect to exercise any right under this Agreement or to insist on the other's compliance with this Agreement; our waiver of or failure to exercise any right, power, or option, whether of the same, similar, or different nature, with other area developers or franchise owners; the existence of area development agreements which contain different provisions from those contained in this Agreement; or our acceptance of any payments due from you after any breach of this Agreement. No special or restrictive legend or endorsement on any check or similar item given to us will be a waiver, compromise, settlement, or accord and satisfaction. We are authorized to remove any legend or endorsement, which then will have no effect.

#### **10M. CONSTRUCTION.**

The preambles and exhibits are a part of this Agreement which constitutes our and your entire agreement, and there are no other oral or written understandings or agreements between us and you, or oral or written representations by us, relating to the subject matter of this Agreement, the franchise relationship, or your Development Rights. Any understandings or agreements reached, or any representations made, before this Agreement are superseded by this Agreement. Nothing in this or in any related agreement, however, is intended to disclaim the representations we made in any Franchise Disclosure Document.

The following provision applies if you or the franchise granted hereby are subject to the franchise registration or disclosure laws in California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, or Wisconsin: No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

The headings of the sections and paragraphs are for convenience only and do not define, limit, or construe the contents of these sections or paragraphs.

Nothing in this Agreement is intended or deemed to confer any rights or remedies on any person or Entity not a party to this Agreement.

References in this Agreement to “we,” “us,” and “our,” with respect to all of our rights and all of your obligations to us under this Agreement, include any of our affiliates with whom you deal. The term “**affiliate**” means any person or Entity directly or indirectly owned or controlled by, under common control with, or owning or controlling you or us. The term “**control**” means the power to direct or cause the direction of management and policies. The use of the term “**including**” in this Agreement, means in each case “including, without limitation.”

If two or more persons are at any time the owners of you or your Development Rights and other rights under this Agreement, whether as partners or joint venturers, or are your guarantors, their obligations and liabilities to us will be joint and several. References to “**owner**” mean any person holding a direct or indirect ownership interest (whether of record, beneficially, or otherwise) or voting rights in you (or a transferee of this Agreement and your Development Rights or an ownership interest in you), including any person who has a direct or indirect interest in you (or a transferee), this Agreement or your Development Rights and any person who has any other legal or equitable interest, or the power to vest in himself or herself any legal or equitable interest, in their revenue, profits, rights, or assets. The term “**person**” means any natural person, corporation, limited liability company, general or limited partnership, unincorporated association, cooperative, or other legal or functional entity.

## **11. DELEGATION OF PERFORMANCE.**

You agree that we have the right to delegate the performance of any portion or all of our obligations under this Agreement to third party designees, whether these designees are our agents or independent contractors with whom we have contracted to perform these obligations. If we do so, such third-party designees will be obligated to perform the delegated functions for you in compliance with this Agreement. You must perform all of your obligations under this Agreement, and you may not subcontract or delegate any of those obligations to any third parties without our prior written approval.

## **12. NOTICES AND PAYMENTS.**

All written notices, reports, and payments permitted or required to be delivered by this Agreement will be deemed to be delivered: (i) at the time delivered by hand, (ii) at the time delivered via electronic transmission, (iii) one (1) business day after being placed in the hands of a nationally recognized commercial courier service for next business day delivery, or (iv) three (3) business days

after placement in United States Mail by Registered or Certified Mail, Return Receipt Requested, postage prepaid. Any notice must be sent to the party to be notified at its most current principal business address of which the notifying party has notice; except that, it will always be deemed acceptable to send notice to you at the address of any of your Clubs.

Any required payment or report which we do not actually receive during regular business hours on the date due will be deemed delinquent.

### **13. PROHIBITED PARTIES.**

You hereby represent and warrant to us, as an express consideration for the rights granted hereby, that neither you nor any of your employees, agents, or representatives, nor any other person or entity associated with you, is now, or has been:

1. Listed on: (a) the U.S. Treasury Department's List of Specially Designated Nationals, (b) the U.S. Commerce Department's Denied Persons List, Unverified List, Entity List, or General Orders, (c) the U.S. State Department's Debarred List or Nonproliferation Sanctions, or (d) the Annex to U.S. Executive Order 13224.
2. A person or entity who assists, sponsors, or supports terrorists or acts of terrorism, or is owned or controlled by terrorists or sponsors of terrorism.

You further represent and warrant to us that you are now, and have been, in compliance with U.S. anti-money laundering and counter-terrorism financing laws and regulations, and that any funds provided by you to us or our affiliates are and will be legally obtained in compliance with these laws. You agree not to, and to cause all employees, agents, representatives, and any other person or entity associated with you not to, during the Term, take any action or refrain from taking any action that would cause such person or entity to become a target of any such laws and regulations.

### **14. EXECUTION**

This Agreement may be executed in counterparts, each of which will be deemed an original, but all of which together will constitute one and the same Agreement. This Agreement and all other documents related to this Agreement may be executed by manual or electronic signature. Either party may rely on the receipt of a document executed or delivered electronically, as if an original had been received.

*[SIGNATURE PAGE TO FOLLOW]*

**IN WITNESS WHEREOF**, the parties have executed and delivered this Agreement to be effective as of the Effective Date.

**TPP FRANCHISING LLC,**  
a Delaware limited liability company

Sign: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**DATED:** \_\_\_\_\_  
(Effective Date of this Agreement)

**AREA DEVELOPER**

**(IF YOU ARE A CORPORATION,  
LIMITED LIABILITY COMPANY, OR  
PARTNERSHIP):**

\_\_\_\_\_  
Entity Name

\_\_\_\_\_  
Signature

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

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

**DATED:** \_\_\_\_\_

**AREA DEVELOPER**

**(IF YOU ARE AN INDIVIDUAL AND NOT  
AN ENTITY):**

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Print Name

**DATED:** \_\_\_\_\_

**EXHIBIT A**  
**TO THE AREA DEVELOPMENT AGREEMENT**

**DEVELOPMENT AREA; DEVELOPMENT SCHEDULE; DEVELOPMENT FEE**

The Development Area is: \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

The Development Schedule is:

Club #	Development Fee Paid on Effective Date	Remaining Initial Franchise Fee Owed	Deadline for Lease and Franchise Agreement Signing	Deadline for Club Opening
1	\$ _____	\$ _____	_____	_____
2	\$ _____	\$ _____	_____	_____
3	\$ _____	\$ _____	_____	_____
<b>TOTAL</b>	<b>\$ _____</b>	<b>\$ _____</b>		



**EXHIBIT B**  
**TO THE AREA DEVELOPMENT AGREEMENT**

**ENTITY INFORMATION**

1. **Form.** You operate as a(n): \_\_\_ individual/sole proprietorship, \_\_\_ corporation, \_\_\_ limited liability company, or \_\_\_ partnership (CHECK ONE).

2. **Formation:** You were formed on \_\_\_\_\_ (DATE), under the laws of the State of \_\_\_\_\_ (JURISDICTION).

3. **Management:** The following is a list of your directors, officers, managers or anyone else with a management position or title:

<b><u>Name of Individual</u></b>	<b><u>Position(s) Held</u></b>
_____	_____
_____	_____
_____	_____
_____	_____

4. **Owners.** The following list includes the full name of each individual who is one of your owners, or an owner of one of your owners, and fully describes the nature of each owner's interest (attach additional pages if necessary):

<b><u>Owner's Name</u></b>	<b><u>Percentage/Description of Interest</u></b>
_____	_____
_____	_____
_____	_____
_____	_____

5. **Principal Owner:** \_\_\_\_\_

**EXHIBIT C**  
**TO THE AREA DEVELOPMENT AGREEMENT**

**GUARANTY AND ASSUMPTION OF OBLIGATIONS**

**THIS GUARANTY AND ASSUMPTION OF OBLIGATIONS (“Guaranty”)** is given by the persons indicated below who have executed this Guaranty (each a “**Guarantor**”) to be effective as of the Effective Date of the Agreement (defined below).

In consideration of, and as an inducement to, the execution of that certain Area Development Agreement executed concurrently herewith (as amended, restated, or supplemented, the “**Agreement**”) by and between TPP Franchising, LLC (the “**Franchisor**”), and \_\_\_\_\_ (“**Developer**”), each Guarantor hereby personally and unconditionally (a) guarantees to Franchisor, and its successor and assigns that Developer will punctually pay and perform each and every undertaking, agreement and covenant set forth in the Agreement, and (b) agrees to be personally bound by, and personally liable for the breach of, each and every provision in the Agreement, both monetary obligations and obligations to take or refrain from taking specific actions or to engage or refrain from engaging in specific activities.

Each Guarantor waives: (1) acceptance and notice of acceptance by Franchisor of the foregoing undertakings; (2) notice of demand for payment of any indebtedness or nonperformance of any obligations guaranteed; (3) protest and notice of default to any party with respect to the indebtedness or nonperformance of any obligations guaranteed, and (4) any right such Guarantor may have to require that an action be brought against Developer or any other person as a condition of liability; and (5) the defense of the statute of limitations in any action hereunder or for the collection or the performance of any obligation hereby guaranteed.

Each Guarantor hereby consents and agrees that:

(a) Franchisor may proceed against any Guarantor and/or Developer, jointly and severally, including by proceeding against Guarantor, without having commenced any action, or having obtained any judgment against any other Guarantor or Developer. Guarantor hereby waives the defense of the statute of limitations in any action hereunder or for the collection of any indebtedness or the performance of any obligation hereby guaranteed;

(b) Guarantor will render any payment or performance required under the Agreement on demand if Developer fails or refuses punctually to do so;

(c) Guarantor’s liability will not be contingent or conditioned on pursuit by Franchisor of any remedies against Developer or any other person;

(d) Guarantor’s liability will not be diminished, relieved or otherwise affected by any extension of time, credit or other indulgence which Franchisor may grant to Developer 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 will in any way modify or amend this Guaranty, which will be continuing and irrevocable during the term of the Agreement;

(e) Guarantor is bound by the restrictive covenants, confidentiality provisions, and indemnification provisions contained in the Agreement, and any and all provisions that by their terms apply to owners of Developer;

(f) At Franchisor's request, Guarantor agrees to provide the updated financial information to us as may be reasonably necessary to demonstrate his or her ability to satisfy the obligations of the franchise owners under the Agreement;

(g) This Guaranty will continue unchanged by the occurrence of any bankruptcy with respect to Developer or any assignee or successor of Developer or by any abandonment of the Agreement by a trustee of Developer. Neither Guarantor's obligations to make payment or render performance in accordance with the terms of this Guaranty nor any remedy for enforcement will be impaired, modified, changed, released or limited in any manner whatsoever by any impairment, modification, change, release or limitation of the liability of Developer or its estate in bankruptcy or of any remedy for enforcement;

(h) Guarantor agrees to pay all costs and expenses (including attorneys' fees) incurred by Franchisor or any of its affiliates in connection with the enforcement of this Guaranty, including any collection or attempt to collect amounts due, or any negotiations relative to the obligations hereby guaranteed; and

(i) Guarantor agrees to be personally bound by the dispute resolution provisions under Article 10 of the Agreement, including the obligation to submit to binding arbitration the claims described in Section 10B of the Agreement in accordance with its terms.

By signing below, the undersigned spouse of each Guarantor indicated below, acknowledges and consents to the guaranty given herein by his/her spouse. Such consent also serves to bind the assets of the marital estate to Guarantor's performance of this Guaranty. Each Guarantor represents and warrants that, if no signature appears below for such Guarantor's spouse, such Guarantor is either not married or, if married, is a resident of a state which does not require the consent of both spouses to encumber the assets of a marital estate.

Each Guarantor that is a business entity, retirement or investment account, or trust acknowledges and agrees that if Developer (or any of its affiliates) is delinquent in payment of any amounts guaranteed hereunder, that no dividends or distributions may be made by such Guarantor (or on such Guarantor's account) to its owners, accountholders or beneficiaries or otherwise, for so long as such delinquency exists, subject to applicable law.

This Guarantee is binding upon each Guarantor and its respective executors, administrators, heirs, beneficiaries, and successors in interest.

*[SIGNATURE PAGE TO FOLLOW]*

**IN WITNESS WHEREOF**, each of the undersigned has affixed his signature to be effective as of the Effective Date.

GUARANTOR(S)	SPOUSE(S)
Name: _____ Sign: _____ Address: _____ _____ _____	Name: _____ Sign: _____ Address: _____ _____ _____
Name: _____ Sign: _____ Address: _____ _____ _____	Name: _____ Sign: _____ Address: _____ _____ _____
Name: _____ Sign: _____ Address: _____ _____ _____	Name: _____ Sign: _____ Address: _____ _____ _____

**EXHIBIT B-3**

**CONSENT TO TRANSFER**

## CONSENT TO TRANSFER AGREEMENT

This **CONSENT TO TRANSFER AGREEMENT** (this “**Consent**”) is entered into as of \_\_\_\_\_, (the “**Effective Date**”), by and among TPP Franchising LLC, a Delaware limited liability company (“**Franchisor**”), \_\_\_\_\_, a \_\_\_\_\_ (“**Transferor**”), the undersigned parties listed as Transferor Guarantors (“**Transferor Guarantors**”), \_\_\_\_\_, a \_\_\_\_\_ (“**Transferee**”), and the undersigned parties listed as Transferee Guarantors (“**Transferee Guarantors**”). Transferor and Transferor Guarantors are collectively referred to as the “**Transferor Parties.**” Transferee and Transferee Guarantors are collectively referred to as the “**Transferee Parties.**”

### RECITALS

A. Franchisor and Transferor are parties to that certain Franchise Agreement dated \_\_\_\_\_ (the “**Original Agreement**”), pursuant to which Franchisor granted Transferor, and Transferor undertook, the right and license to own and operate a The Pickle Pad facility located at \_\_\_\_\_ (the “**Club**”). Transferor Guarantors personally guaranteed all obligations of Transferor under the Original Agreement (the “**Original Guaranty**”).

B. Transferor has notified Franchisor that it wishes to transfer the Club to Transferee, including a transfer of substantially all the assets of the Club and a transfer of the lease to the premises of the Club (the “**Transfer**”), pursuant to the terms of that certain Asset Purchase Agreement dated \_\_\_\_\_, in form and substance provided to Franchisor (the “**Purchase Agreement**”).

### AGREEMENT

**FOR AND IN CONSIDERATION** of the foregoing recitals, the covenants and agreements contained herein and for other good and valuable consideration, the receipt and sufficiency of which are acknowledged, the parties agree as follows:

1. **Consent to Transfer and Waiver of Right of First Refusal.** Subject to the terms and conditions of this Consent, Franchisor hereby consents to the Transfer of the Club on the terms set forth in the Purchase Agreement and hereby waives its right of first refusal to acquire the assets of the Club on the basis of such Transfer under the Original Agreement. Any substantive change or amendment to, or waiver of, any provision of the Purchase Agreement prior to the Transfer will require Franchisor’s separate prior written consent and waiver of right of first refusal. In the event that any term or condition of this Consent is not met by the parties as of the date of the Transfer (the “**Transfer Date**”), including any representation or warranty that is not true as of the Effective Date or the Transfer Date, Franchisor’s consent to the Transfer may be withdrawn, and any transfer that occurs thereafter, of any kind, including the Transfer, shall be deemed an unauthorized transfer under the terms of the Original Agreement.

2. **Termination of Original Agreement.** Upon consummation of the Transfer, the Original Agreement will automatically terminate effective as of the Transfer Date. After the Transfer Date, the provisions of the Original Agreement shall be of no further force or effect; provided, that nothing in this Consent will be deemed to terminate or release the Transferor Parties from any of the following obligations (together, the “**Surviving Obligations**”): (i) any obligations under the Original Agreement that, either expressly or by their nature, survive termination thereof (including, post-termination restrictive covenants, indemnification, dispute resolution, non-disparagement, confidentiality provisions, and the obligation to cease using any proprietary trademarks); (ii) any obligations arising prior to the Transfer Date (including any obligations to pay any amounts to Franchisor accruing prior to the Transfer Date); (iii) any failure to perform, improper performance, or other breach, default or violation by any Transferor Party of the Original Agreement; or (iv) any

obligations of the Transferor Parties under this Consent. The Original Guaranty shall remain in force and effect and shall serve as a guaranty of the Surviving Obligations, and Transferor Guarantors acknowledge and agree that Franchisor may seek any available remedies against them for the failure of any Transferor Party to comply with any Surviving Obligations.

3. **Representations and Warranties.** The Transferor Parties and the Transferee Parties each hereby, jointly and severally, represent and warrant to Franchisor as of the Effective Date and as of the Transfer Date that: (i) Transferor and Transferee are each a legal entity duly organized, validly existing and in good standing under the laws of their respective jurisdiction of organization; (ii) Transferor and Transferee each have all requisite power and authority to be bound by the terms hereof and to carry out and perform its obligations under this Consent, the Purchase Agreement, and in the case of Transferee, the New Agreement (as defined below); and (iii) the parties have provided Franchisor with a final executed and effective copy of the Purchase Agreement and no provision of the Purchase Agreement has been modified, amended, waived, or disclaimed in any manner by the parties thereto prior to the Effective Date.

4. **Conditions to Consent.** Franchisor's consent to the Transfer is conditioned on all of the following terms and conditions being met on or prior to the Transfer Date:

(a) The Transfer must occur no later than 30 days from the Effective Date, and if the Transfer shall not have occurred by such date, this Consent shall be deemed void, and Franchisor's consent to the Transfer shall be deemed withdrawn, and any transfer that occurs thereafter, of any kind, including the Transfer, shall be deemed an unauthorized transfer under the terms of the Original Agreement;

(b) All of the representations and warranties made in this Consent by the Transferor Parties and Transferee Parties must be true and correct as of the Transfer Date, and Transferor Parties and Transferee Parties must not have violated any provision of this Consent, the Original Agreement, the New Agreement or any other agreement between any such party and Franchisor or Franchisor's affiliates, or any suppliers or landlord of the Club, as applicable;

(c) Transferor Parties must provide Franchisor all information or documents Franchisor requests about the Transferee Parties to evaluate their ability to satisfy their obligations under Franchisor's then-current form of franchise agreement and any documents ancillary thereto, and each such person must have completed and satisfied all of Franchisor's application and certification requirements;

(d) Transferor Parties must provide Franchisor executed versions of any documents executed by Transferor Parties and Transferee Parties to effect the Transfer, and all other information Franchisor requests about the proposed Transfer, and such Transfer meets all of Franchisor's requirements, including terms, closing date, purchase price, amount of debt and payment terms, and Franchisor has determined that the purchase price and payment terms of the Transfer will not adversely affect the Transferee's operation of the Club;

(e) Transferor Parties must not have violated any provision of the Original Agreement or any other agreement with Franchisor or its affiliates during both the sixty (60) day period before Transferor Parties requested Franchisor's consent to the Transfer and the period between Transferor Parties' request and the Transfer Date, including that Transferor Parties have paid all amounts owed to Franchisor, its affiliates, and third-party vendors, and have submitted all required reports and statements;

(f) If the proposed Transfer (including any assignment of the lease of the premises of the Club or subleasing of the premises of the Club) requires notice to or approval from

Transferor's landlord, or any other action under the terms of the lease for the Club, Transferor has taken such appropriate action and delivered Franchisor evidence of the same;

(g) Transferee must sign Franchisor's then-current form of franchise agreement and related documents, including execution of a guaranty of all obligations thereunder by the Transferee Guarantors (together, the "**New Agreement**"), any and all of the provisions of which may differ materially from any and all of those in the Original Agreement; provided, the term of the New Agreement will be the remaining term of the Original Agreement;

(h) Transferee and its required personnel satisfactorily complete Franchisor's then-current training program as required under the New Agreement;

(i) Transferor must pay Franchisor a transfer fee equal to \$15,000;

(j) If Transferor Parties finance any part of the purchase price, Transferor Parties agree that all of the Transferee's obligations under promissory notes, agreements, or security interests reserved in the Club are subordinate to the Transferee's obligation to pay amounts due to Franchisor, Franchisor's affiliates, and third-party vendors related to the operation of the Club and otherwise to comply with the Original Agreement;

(k) Transferor must have corrected any existing deficiencies of the Club of which Franchisor has notified Transferor, and/or the Transferee agrees to upgrade, remodel, and refurbish the Club in accordance with Franchisor's then-current requirements and specifications for Clubs within the time period Franchisor specifies following the Transfer Date and the Transferee agrees to escrow an amount Franchisor approves for payment of the required upgrade, remodel or refurbishment; and

(l) Transferor provides Franchisor the evidence Franchisor reasonably requests to show that appropriate measures have been taken to effect the Transfer as it relates to the operation of the Club, including, by transferring all necessary and appropriate business licenses, insurance policies, and material agreements, or obtaining new business licenses, insurance policies and material agreements.

5. **Terms of Purchase Agreement.** Notwithstanding the terms of the Purchase Agreement, the Transferor Parties and Transferee Parties hereby agree that the Transfer shall not transfer or purport to transfer any assets, rights or interests reserved by, owned by or accruing to the benefit of Franchisor, including, without limitation: (i) any assets, rights or interests associated with the trademarks, trade dress, copyrights, goodwill, domain names, or other intellectual property used in connection with the Club; (ii) any customer lists, databases, website data, logins and passwords, or any other proprietary information used in connection with the Club; and (iii) any other assets, rights or interests reserved to Franchisor under the terms of the Original Agreement and/or New Agreement. All such assets, rights or interests of Franchisor are hereby expressly reserved by Franchisor, and the Transferor Parties and Transferee Parties hereby expressly waive and disclaim such assets, rights or interests in all respects.

6. **Further Assurances.** The Transferor Parties and Transferee Parties each covenant and agree, at their own expense, to execute and deliver, at Franchisor's request, such further instruments and to take such other action as Franchisor may request to consummate the Transfer, the effectiveness of the New Agreement, and the other terms and conditions of this Consent.

7. **Franchisor Release.** The Transferor Parties, jointly and severally, and each of them, on behalf of themselves and the other Transferor Parties (the "**Releasing Parties**"), hereby fully and forever unconditionally release and discharge Franchisor, and its affiliates, parents, subsidiaries,



franchisees, area developers, owners, each such foregoing person's or entity's agents, insurers and our and their respective employees, officers, directors, successors, assigns, owners, guarantors and other representatives (the "**Franchisor Parties**"), of and from any and all claims, obligations, debts, proceedings, demands, causes of action, rights to terminate and rescind, liabilities, losses, damages, and rights of every kind and nature whatsoever, whether known or unknown, suspected or unsuspected, at law or in equity, which any of them has, had, or may have against any of the Franchisor Parties, from the beginning of time to the Effective Date, including as arising out of or relating to the Original Agreement or the relationship of the Releasing Parties with the Franchisor Parties.

IF THE FRANCHISE YOU OPERATE UNDER THE AGREEMENT IS LOCATED IN CALIFORNIA OR ANY OF THE RELEASING PARTIES IS A RESIDENT OF CALIFORNIA, THE FOLLOWING SHALL APPLY:

**SECTION 1542 ACKNOWLEDGMENT.** IT IS YOUR INTENTION, ON YOUR OWN BEHALF AND ON BEHALF OF THE RELEASING PARTIES, IN EXECUTING THIS RELEASE THAT THIS INSTRUMENT BE AND IS A GENERAL RELEASE WHICH SHALL BE EFFECTIVE AS A BAR TO EACH AND EVERY CLAIM, DEMAND, OR CAUSE OF ACTION RELEASED BY YOU OR THE RELEASING PARTIES. YOU RECOGNIZE THAT YOU OR THE RELEASING PARTIES MAY HAVE SOME CLAIM, DEMAND, OR CAUSE OF ACTION AGAINST THE FRANCHISOR PARTIES OF WHICH YOU, HE, SHE, OR IT IS TOTALLY UNAWARE AND UNSUSPECTING, WHICH YOU, HE, SHE, OR IT IS GIVING UP BY EXECUTING THIS RELEASE. IT IS YOUR INTENTION, ON YOUR OWN BEHALF AND ON BEHALF OF THE RELEASING PARTIES, IN EXECUTING THIS INSTRUMENT THAT IT WILL DEPRIVE YOU, HIM, HER, OR IT OF EACH SUCH CLAIM, DEMAND, OR CAUSE OF ACTION AND PREVENT YOU, HIM, HER, OR IT FROM ASSERTING IT AGAINST THE FRANCHISOR PARTIES. IN FURTHERANCE OF THIS INTENTION, YOU, ON YOUR OWN BEHALF AND ON BEHALF OF THE RELEASING PARTIES, EXPRESSLY WAIVE ANY RIGHTS OR BENEFITS CONFERRED BY THE PROVISIONS OF SECTION 1542 OF THE CALIFORNIA CIVIL CODE, WHICH PROVIDES AS FOLLOWS:

"A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS THAT THE CREDITOR OR RELEASING PARTY DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE AND THAT, IF KNOWN BY HIM OR HER, WOULD HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR OR RELEASED PARTY."

YOU ACKNOWLEDGE AND REPRESENT THAT YOU HAVE CONSULTED WITH LEGAL COUNSEL BEFORE EXECUTING THIS RELEASE AND THAT YOU UNDERSTAND ITS MEANING, INCLUDING THE EFFECT OF SECTION 1542 OF THE CALIFORNIA CIVIL CODE, AND EXPRESSLY CONSENT THAT THIS RELEASE SHALL BE GIVEN FULL FORCE AND EFFECT ACCORDING TO EACH AND ALL OF ITS EXPRESS TERMS AND PROVISIONS, INCLUDING, WITHOUT LIMITATION, THOSE RELATING TO THE RELEASE OF UNKNOWN AND UNSUSPECTED CLAIMS, DEMANDS, AND CAUSES OF ACTION.

If the franchise you operate under the Agreement is located in Maryland or if any of the Releasing Parties is a resident of Maryland, the following shall apply:

Any general release provided for hereunder shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

If the franchise you operate under the Agreement is located in Washington or if any of the Releasing Parties is a resident of Washington, the following shall apply:

Any general release provided for hereunder shall not apply to any liability under the Washington Franchise Investment Protection Act, RCW 19.100, and the rules adopted thereunder.

8. **Future Assignments.** Franchisor's consent under this Consent will not be construed as its consent to any further assignments or transfers of the Original Agreement or New Agreement, the Club, or the membership or ownership interests of the Transferor Parties or Transferee Parties, or to the waiver of any future rights of first refusal Franchisor may have under the Original Agreement and/or New Agreement, as applicable. Any further transfers require Franchisor's prior written consent under the Original Agreement and/or New Agreement, as applicable.

9. **Role of Franchisor.** Transferor Parties and Transferee Parties each acknowledge and agree that they have negotiated the Transfer without involvement by Franchisor, that Franchisor has not effected or arranged the Transfer, and that Franchisor's only involvement in the transaction has been for the purpose of exercising its right of consent to the Transfer in accordance with the Original Agreement.

10. **Binding Effect.** This Consent inures to the benefit of Franchisor Parties and their respective successors and assigns and will be binding upon the parties and their respective successors, permitted assigns and legal representatives.

11. **Miscellaneous.** This Consent constitutes the entire understanding between the parties with respect to the matters it contemplates. This Consent will be construed and interpreted in accordance with the laws of the State of Delaware, without regard to its conflicts of laws rules. The captions and headings are only for convenience of reference, are not a part of this Consent, and will not limit or construe the provisions to which they apply. All references in this Consent to the singular usage will be construed to include the plural and the masculine and neuter usages to include the other and the feminine. This Consent may be executed in multiple copies, each of which will be deemed an original. This Consent may be executed electronically.

**[SIGNATURE PAGE TO FOLLOW]**

IN WITNESS WHEREOF, the parties have executed and delivered this Consent to be effective as of the Effective Date.

**FRANCHISOR**

**TPP FRANCHISING, LLC,**  
a Delaware limited liability company

Sign: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**TRANSFEROR**

\_\_\_\_\_, a  
\_\_\_\_\_

Sign: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**TRANSFeree**

\_\_\_\_\_, a  
\_\_\_\_\_

Sign: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**TRANSFEROR GUARANTORS**

\_\_\_\_\_

Sign: \_\_\_\_\_

\_\_\_\_\_

Sign: \_\_\_\_\_

**TRANSFeree GUARANTORS**

\_\_\_\_\_

Sign: \_\_\_\_\_

\_\_\_\_\_

Sign: \_\_\_\_\_

**EXHIBIT C**  
**TABLE OF CONTENTS TO BRAND STANDARDS MANUAL**

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**EXHIBIT D-1**  
**LIST OF CURRENT FRANCHISEES**

**Franchisees in the System as of December 31, 2023**

None

**EXHIBIT D-2**  
**LIST OF FRANCHISEES WHO LEFT THE SYSTEM**



**Franchisees that Left the System during the Fiscal Year ended December 31, 2023, or who have not communicated with us in the 10 weeks prior to the issuance date of the FDD:**

None

**EXHIBIT E**  
**FINANCIAL STATEMENTS**

## **UNAUDITED FINANCIAL STATEMENTS**

THESE FINANCIAL STATEMENTS WERE PREPARED WITHOUT AN AUDIT. PROSPECTIVE FRANCHISEES OR SELLERS OF FRANCHISES SHOULD BE ADVISED THAT NO CERTIFIED PUBLIC ACCOUNTANT HAS AUDITED THESE FIGURES OR EXPRESSED HIS OPINION WITH REGARD TO THEIR CONTENTS OR FORM.

## TPP Franchising LLC

### Balance Sheet March 31, 2024

#### ASSETS

Current Asset	
Cash	22,254
Franchisee A/R	0
Rotloly Fees A/R	0
Related Party A/R / Due from Affiliate Fracnshise	0
Annual Convention A/R	0
Allowance for Doubtful Accounts	0
<b>Total Account Receivable</b>	<b>22,500</b>
Prepaid Expenses	0
Inventory	0
Other current Asset	(57,116)
Total Current Asset	<b>(12,362)</b>
Fixed Asset	
Operating lease right-of-use asset, net	0
Property Plant and Equipment	0
Leasehold Improvements	0
Accumulated Depreciation and Amortization	0
Total Fixed Assets	<b>0</b>
Other Assets	0
Intangible Assets	102,067
Investment in Subsidiaries	0
Total ASSETS	<b>89,705</b>

#### Liabilities

Current Liabilities	
Accounts Payable	49,016
Accrued Expenses	0
Accrued Commission	0
Deferred Franchise Fee S-T Liability	0
Operating lease Current Liability	0
Other Current Liability	112,753
Total Current Liabilities	<b>161,769</b>
Deferred Franchise Fee L-T Liability	0
Long Term Lease Liabilities	0
Long Term Commission	0
Note Payable 2024	0
Note Payable	0
Equity	
Net Income	(53,225)
Retained Earnings	(18,839)
Capital	0
Total Equity	<b>(72,064)</b>
Total Liabilities & Equity	<b>89,705</b>

Reconciliation 0

THESE FINANCIAL STATEMENTS WERE PREPARED WITHOUT AN AUDIT. PROSPECTIVE FRANCHISEES OR SELLERS OF FRANCHISES SHOULD BE ADVISED THAT NO CERTIFIED PUBLIC ACCOUNTANT HAS AUDITED THESE FIGURES OR EXPRESSED HIS OPINION WITH REGARD TO THEIR CONTENTS OR FORM.

**TPP Franchising**  
**Profit and Loss Statement**  
**January 1, 2024 - March 31, 2024**

	Q1
	Actual
<b>Revenues:</b>	
Franchising / License fee	45,000
Royalties	0
Academy Fees	0
Accounting services	0
Annual Convention	0
Hubspot (tech fee)	0
Other	0
<b>Total Revenue</b>	<b>45,000</b>
<b>Expense:</b>	
<b>Franchise Development</b>	
Selling Expense	
Commission	0
Sales incentives	0
Sales and Marketing	79,650
Trade Shows / Conference	11,490
Payroll / Benefis/ Taxes	0
Dues and Subscriptions	0
Annual Bonus	0
Travel	0
Legal	0
Professional Fee	0
Insurance E&O	0
G&A	0
<b>Total Franchise Development Expense</b>	<b>91,140</b>
<b>Franching Management</b>	
Marketing	6,544
IT	346
Operations / Training / Safety	0
Administration	0
Payroll / Benefis/ Taxes	0
Dues & Subscription	0
Annual Bonus	0
Travel	0
Meetings	0
Occupancy ( Rent/ Utility)	0
Legal	0
Professional Fee	0
Placement Fee	0
Insurance	0
Annual Convention	0
Bad Debt Allowance	0
G&A	195
<b>Total Franching Management Expense</b>	<b>7,085</b>
<b>Total Expense</b>	<b>98,225</b>
<b>Operating income</b>	<b>(53,225)</b>
Depreciation / Amortization	0
Trademark Amortization	0
GoodWell Amortization	0
Management fee Income	0
Management fee Expense	0
Other income/expense	0
Franchise Tax	0
<b>Net Income before Taxes</b>	<b>(53,225)</b>
Add Backs	
Adjusted EBIDA	

THESE FINANCIAL STATEMENTS WERE PREPARED WITHOUT AN AUDIT. PROSPECTIVE FRANCHISEES OR SELLERS OF FRANCHISES SHOULD BE ADVISED THAT NO CERTIFIED PUBLIC ACCOUNTANT HAS AUDITED THESE FIGURES OR EXPRESSED HIS OPINION WITH REGARD TO THEIR CONTENTS OR FORM.

**AUDITED FINANCIAL STATEMENTS**

**TPP FRANCHISING, LLC**  
**FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023**

---

**TPP FRANCHISING, LLC**

FINANCIAL STATEMENTS  
with  
INDEPENDENT AUDITORS' REPORT

December 31, 2023

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## CONTENTS

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### Financial Statements

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Statement of income and changes in members' equity	4
Statement of cash flows	5
Notes to financial statements	6

## **INDEPENDENT AUDITORS' REPORT**

---

To the Members  
Of TPP Franchising, LLC  
Dallas, Texas

### **Opinion**

We have audited the financial statements of TPP Franchising, LLC, which comprise the balance sheet as of December 31, 2023, and the related statements of income and changes in members' equity, and cash flows for the year then ended, and the related notes to the financial statements. In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of HSF Franchising, LLC as of December 31, 2023, and the results of its operations and its cash flows for the year 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 TPP Franchising, LLC and to meet our ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of these 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 TPP 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 opinions. 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 the Project's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

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

*Peak Audit & Accounting*

St. Louis, Missouri

April 3, 2024

# TPP FRANCHISING, LLC

## BALANCE SHEETS

December 31,

2023

### ASSETS

#### ASSETS

Intangible Assets	\$ <u>102,067</u>
-------------------	-------------------

<b>TOTAL ASSETS</b>	<b><u>102,067</u></b>
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### LIABILITIES AND MEMBERS' EQUITY

#### CURRENT LIABILITIES

Accounts Payable	16,774
------------------	--------

Accounts payable, related party	<u>104,132</u>
---------------------------------	----------------

<b>TOTAL CURRENT LIABILITIES</b>	<b><u>\$ 120,906</u></b>
----------------------------------	--------------------------

<b>MEMBERS' EQUITY</b>	<b><u>(18,839)</u></b>
------------------------	------------------------

<b>TOTAL LIABILITIES AND MEMBERS' EQUITY</b>	<b><u>\$ 102,067</u></b>
----------------------------------------------	--------------------------

The accompanying notes are an integral part of these financial statements

# TPP FRANCHISING, LLC

## STATEMENTS OF INCOME AND CHANGES IN MEMBERS' EQUITY

Years Ended December 31,	2023
<b>REVENUE</b>	
Franchise income	\$ -
<b>TOTAL REVENUES</b>	-
<b>EXPENSES</b>	
Bank charges	65
Insurance expense	2,000
Legal fees	16,582
Taxes and licenses	192
<b>TOTAL EXPENSES</b>	18,839
<b>NET LOSS</b>	<b>(18,839)</b>
<b>MEMBERS' EQUITY - BEGINNING OF YEAR</b>	-
Distributions to Members	
<b>MEMBERS' EQUITY - END OF YEAR</b>	<b>\$ (18,839)</b>

The accompanying notes are an integral part of these financial statements

# TPP FRANCHISING, LLC

## STATEMENTS OF CASH FLOWS

Years Ended December 31,	2023
<b>OPERATING ACTIVITIES</b>	
Net income	\$ (18,839)
Adjustments to reconcile net income to net cash provided by operating activities:	
Decrease (increase) in current assets:	
Increase (decrease) in current liabilities:	
Accounts payable	16,774
<b>Net cash used in operating activities</b>	<b>(2,065)</b>
<b>INVESTING ACTIVITIES</b>	
Purchase of intangible assets	(102,067)
<b>Net cash used in financing activities</b>	<b>(102,067)</b>
<b>FINANCING ACTIVITIES</b>	
Due to related parties	104,132
<b>Net cash provided by financing activities</b>	<b>104,132</b>
<b>NET INCREASE (DECREASE) IN CASH AND EQUIVALENTS</b>	-
<b>BEGINNING CASH AND EQUIVALENTS</b>	-
<b>ENDING CASH AND EQUIVALENTS</b>	\$ -

The accompanying notes are an integral part of these financial statements

# TPP FRANCHISING, LLC

## NOTES TO FINANCIAL STATEMENTS

December 31, 2023

---

### 1. HISTORY AND BUSINESS ACTIVITY

TPP Franchising, LLC (the “Company”) is a Delaware limited liability company headquartered in Dallas, Texas. The Company was formed in August of 2023 to offer franchises for “The Pickle Pad” locations in the United States. As of December 31, 2023: (i) the Company had awarded no franchises for The Pickle Pad locations; and (ii) one affiliate-operated The Pickle Pad location was under development but not yet opened.

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### **Basis of accounting**

The Company follows accounting principles generally accepted in the United States of America. Accordingly, it utilizes the accrual method of accounting, which records revenue when earned and expenses when incurred.

#### **Cash and cash equivalents**

The Company, on occasion, maintains cash deposits with a bank that includes funds greater than the federally insured limit. The Company has not experienced any losses in such accounts. Management believes the Company is not exposed to any significant credit risk related to cash.

#### **Advertising**

Advertising costs are expensed as incurred. There were no advertising expense for the year ended December 31, 2023.

#### **Estimates and assumptions**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures 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 vary from those estimates.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

### Federal Income Taxes

The Company is taxed as a pass-through entity under the Internal Revenue Code. Accordingly, income from the Company is passed through to the individual members. Therefore, no provision or liability for federal income taxes has been included in the financial statements.

## 3. RELATED PARTY TRANSACTIONS

The Company will collect royalties and other fees from affiliate-operated locations when opened. There were no accounts receivable due from related parties relating to accounts receivable collections from customers at December 31, 2023.

There were total expenses consisting of insurance, legal services, and maintenance expenses which were paid on behalf of the Company in the amount of \$18,839 for the year ended December 31, 2023.

The Company also had advances due to a related party of \$104,132 at December 31, 2023.

## 4. REVENUE RECOGNITION

The Company's revenues consist of sales of franchises, franchisee royalties, and advertisement fund fees. Revenues from franchise sales include initial and renewal fees. Royalty income and advertising fund fees are a percentage of franchisee gross sales, billed and collected every 4 weeks. The Company's ongoing performance obligations under the franchise agreements are funded by the royalties and advertisement fund fees received from franchisees throughout the term of the agreements. As such, the adoption of this standard did not result in significant changes to the Company's accounting policies, business processes, systems or controls, or have an impact on its financial position, results of operation, or cash flows.



**EXHIBIT F**

**REPRESENTATIONS STATEMENT**

**REPRESENTATIONS STATEMENT**

The purpose of this Statement is to demonstrate to TPP FRANCHISING, LLC (“Franchisor”) that the person(s) signing below (“I,” “me” or “my”), whether acting individually or on behalf of any legal entity established to acquire the area development and/or franchise rights, (a) fully understands that the purchase of a The Pickle Pad franchise or area development rights is a significant long-term commitment, complete with its associated risks, and (b) is not relying on any statements, representations, promises or assurances that are not specifically set forth in Franchisor’s Franchise Disclosure Document and Exhibits (collectively, the “FDD”) in deciding to purchase the franchise. In that regard, I represent to Franchisor and acknowledge that:

<p>I understand that buying a franchise is not a guarantee of success. Purchasing or establishing any business is risky, and the success or failure of the franchise is subject to many variables such as my skills and abilities (and those of my partners, officers, employees), the time my associates and I devote to the business, competition, interest rates, the economy, inflation, operation costs, location, lease terms, the market place generally and other economic and business factors. I am aware of and am willing to undertake these business risks. I understand that the success or failure of my business will depend primarily upon my efforts and not those of Franchisor.</p>	<p>INITIAL:</p>
<p>I received a copy of the FDD at least 14 calendar days before I executed a Franchise Agreement and/or the Area Development Agreement, or paid Franchisor or its affiliates any fees. I understand that all of my rights and responsibilities and those of Franchisor in connection with the franchise are set forth in these agreements and only in these agreements. I have had the opportunity to personally and carefully review these documents and have, in fact, done so. I have been advised to have professionals (such as lawyers and accountants) review the documents for me and to have them help me understand these documents. I have also been advised to consult with other franchisees regarding the risks associated with the purchase of the franchise.</p>	<p>INITIAL:</p>
<p>Neither the Franchisor nor any of its affiliates, officers, employees or agents (including any franchise broker) has made a statement, promise or assurance to me concerning any matter related to the franchise (including those regarding advertising, marketing, training, support service or assistance provided by Franchisor) that is contrary to, or different from, the information contained in the FDD.</p>	<p>INITIAL:</p>

<p>My decision to purchase the franchise has not been influenced by any oral representations, assurances, warranties, guarantees or promises whatsoever made by the Franchisor or any of its officers, employees or agents (including any franchise broker), including as to the likelihood of success of the franchise.</p>	<p>INITIAL:</p>
<p>I have made my own independent determination that I have the capital necessary to fund the franchised business and my living expenses, particularly during the start-up phase.</p>	<p>INITIAL:</p>
<p><b>PLEASE READ THE FOLLOWING QUESTION CAREFULLY. THEN SELECT YES OR NO AND PLACE YOUR INITIALS WHERE INDICATED.</b></p> <p>Have you received any information from the Franchisor or any of its affiliates, officers, employees or agents (including any franchise broker) concerning actual, average, projected or forecasted sales, revenues, income, profits or earnings of the franchised business (including any statement, promise or assurance concerning the likelihood of success) other than information contained in the FDD?</p> <p><input type="checkbox"/> Yes <input type="checkbox"/> No (Initial Here: _____)</p> <p>If you selected “Yes,” please describe the information you received on the lines below:</p> <p>_____</p> <p>_____.</p>	<p>INITIAL:</p>
<p>The franchise sale is for more than \$1,143,100.00, excluding the cost of unimproved land and any financing received from the franchisor or an affiliate, and thus is exempted from the Federal Trade Commission’s Franchise Rule disclosure requirements, pursuant to 16 CFR 436.8(a)(5)(i).</p>	<p>INITIAL:</p>

**DO NOT SIGN THIS QUESTIONNAIRE IF YOU ARE LOCATED, OR YOUR FRANCHISED BUSINESS WILL BE LOCATED IN: CALIFORNIA, HAWAII, ILLINOIS, INDIANA, MARYLAND, MICHIGAN, MINNESOTA, NEW YORK, NORTH DAKOTA, RHODE ISLAND, SOUTH DAKOTA, VIRGINIA, WASHINGTON, OR WISCONSIN.**

[Signature page follows]

**FRANCHISE OWNER**

**(IF YOU ARE A CORPORATION,  
LIMITED LIABILITY COMPANY, OR  
PARTNERSHIP):**

\_\_\_\_\_  
Entity Name

Sign: \_\_\_\_\_

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

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

**DATED:** \_\_\_\_\_

**FRANCHISE OWNER**

**(IF YOU ARE AN INDIVIDUAL):**

\_\_\_\_\_  
Individual Name

Sign: \_\_\_\_\_

**DATED:** \_\_\_\_\_

**EXHIBIT G**

**SAMPLE GENERAL RELEASE**

**TPP FRANCHISING LLC**

**GENERAL RELEASE AGREEMENT**

**TPP FRANCHISING LLC** (“we,” “us,” or “our”) and \_\_\_\_\_ (“you” or “your”) are currently are parties to a certain [franchise agreement or area development agreement] (the “**Agreement**”) dated \_\_\_\_\_, 20\_\_\_\_. You have asked us to take the following action or to agree to the following request: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

We have the right under the Agreement to obtain a general release from you and your owners as a condition of taking this action or agreeing to this request. Therefore, we are willing to take the action or agree to the request specified above if you and your owners give us the release and covenant not to sue provided below in this document. You and your owners are willing to give us the release and covenant not to sue provided below as partial consideration for our willingness to take the action or agree to the request described above.

You and your owners, jointly and severally, on behalf of themselves and their spouses and immediate family members, and each such foregoing person’s or entity’s respective affiliates, employees, owners, officers, directors, successors, assigns, spouses and immediate family members (the “**Releasing Parties**”) hereby fully and forever unconditionally release and discharge us and our current and former affiliates, parents, subsidiaries, franchisees, area developers, owners, agents, insurers and our and their respective affiliates, employees, officers, directors, successors, assigns, owners, guarantors and other representatives (the “**Franchisor Parties**”), of and from any and all claims, obligations, debts, proceedings, demands, causes of action, rights to terminate and rescind, liabilities, losses, damages, and rights of every kind and nature whatsoever, and known or unknown, suspected or unsuspected, whether at law or in equity, which any of them has, had, or may have against any of the Franchisor Parties, from the beginning of time to the date of this document (together, “**Claims**”), including any and all Claims in any way arising out of or relating to the Agreement or the relationship of the Releasing Parties with any of the Franchisor Parties. You and your owners, on your own behalf and the other Releasing Parties, further covenant not to sue any of the Franchisor Parties on any of the Claims released by this paragraph and represent that you have not assigned any of the Claims released by this paragraph to any individual or entity.

IF THE FRANCHISE YOU OPERATE UNDER THE AGREEMENT IS LOCATED IN CALIFORNIA OR ANY OF THE RELEASING PARTIES IS A RESIDENT OF CALIFORNIA, THE FOLLOWING SHALL APPLY:

**SECTION 1542 ACKNOWLEDGMENT.** IT IS YOUR INTENTION, ON YOUR OWN BEHALF AND ON BEHALF OF THE RELEASING PARTIES, IN EXECUTING THIS RELEASE THAT THIS INSTRUMENT BE AND IS A GENERAL RELEASE WHICH SHALL BE EFFECTIVE AS A BAR TO EACH AND EVERY CLAIM, DEMAND, OR CAUSE OF ACTION RELEASED BY YOU OR THE RELEASING PARTIES. YOU RECOGNIZE THAT YOU OR THE RELEASING PARTIES MAY HAVE SOME CLAIM, DEMAND, OR CAUSE OF ACTION AGAINST THE FRANCHISOR PARTIES OF WHICH YOU, HE, SHE, OR IT IS TOTALLY UNAWARE AND UNSUSPECTING, WHICH YOU, HE, SHE,

OR IT IS GIVING UP BY EXECUTING THIS RELEASE. IT IS YOUR INTENTION, ON YOUR OWN BEHALF AND ON BEHALF OF THE RELEASING PARTIES, IN EXECUTING THIS INSTRUMENT THAT IT WILL DEPRIVE YOU, HIM, HER, OR IT OF EACH SUCH CLAIM, DEMAND, OR CAUSE OF ACTION AND PREVENT YOU, HIM, HER, OR IT FROM ASSERTING IT AGAINST THE FRANCHISOR PARTIES. IN FURTHERANCE OF THIS INTENTION, YOU, ON YOUR OWN BEHALF AND ON BEHALF OF THE RELEASING PARTIES, EXPRESSLY WAIVE ANY RIGHTS OR BENEFITS CONFERRED BY THE PROVISIONS OF SECTION 1542 OF THE CALIFORNIA CIVIL CODE, WHICH PROVIDES AS FOLLOWS:

**“A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS THAT THE CREDITOR OR RELEASING PARTY DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE AND THAT, IF KNOWN BY HIM OR HER, WOULD HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR OR RELEASED PARTY.”**

YOU ACKNOWLEDGE AND REPRESENT THAT YOU HAVE CONSULTED WITH LEGAL COUNSEL BEFORE EXECUTING THIS RELEASE AND THAT YOU UNDERSTAND ITS MEANING, INCLUDING THE EFFECT OF SECTION 1542 OF THE CALIFORNIA CIVIL CODE, AND EXPRESSLY CONSENT THAT THIS RELEASE SHALL BE GIVEN FULL FORCE AND EFFECT ACCORDING TO EACH AND ALL OF ITS EXPRESS TERMS AND PROVISIONS, INCLUDING, WITHOUT LIMITATION, THOSE RELATING TO THE RELEASE OF UNKNOWN AND UNSUSPECTED CLAIMS, DEMANDS, AND CAUSES OF ACTION.

If the franchise you operate under the Agreement is located in Maryland or if any of the Releasing Parties is a resident of Maryland, the following shall apply:

Any general release provided for hereunder shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

If the franchise you operate under the Agreement is located in Washington or if any of the Releasing Parties is a resident of Washington, the following shall apply:

Any general release provided for hereunder shall not apply to any liability under the Washington Franchise Investment Protection Act, RCW 19.100, and the rules adopted thereunder.

[Signature Page Follows]

**IN WITNESS WHEREOF**, the parties have executed and delivered this document on the date stated below.

**TPP FRANCHISING LLC,**  
a Delaware limited liability company

Sign: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**DATED:** \_\_\_\_\_

**FRANCHISE OWNER**

**(IF YOU ARE A CORPORATION,  
LIMITED LIABILITY COMPANY, OR  
PARTNERSHIP):**

\_\_\_\_\_  
Entity Name

Sign: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**DATED:** \_\_\_\_\_

**FRANCHISE OWNER**

**(IF YOU ARE AN INDIVIDUAL):**

\_\_\_\_\_  
Individual Name

Sign: \_\_\_\_\_

**DATED:** \_\_\_\_\_



**EXHIBIT H**

**STATE RIDERS AND ADDENDA**

## **STATE ADDENDA**

### **ADDITIONAL DISCLOSURES FOR THE FRANCHISE DISCLOSURE DOCUMENT OF TPP FRANCHISING LLC**

The following are additional disclosures for the Franchise Disclosure Document of TPP Franchising LLC required by various state franchise laws. Each provision of these additional disclosures will only apply to you if the applicable state franchise law applies to you.

**FOR THE FOLLOWING STATES: CALIFORNIA, HAWAII, ILLINOIS, INDIANA, MARYLAND, MICHIGAN, MINNESOTA, NEW YORK, NORTH DAKOTA, RHODE ISLAND, SOUTH DAKOTA, VIRGINIA, WASHINGTON, OR WISCONSIN.**

No statement, questionnaire, or acknowledgment signed or agreed to by 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.

#### **CALIFORNIA**

1. 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.
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. NEITHER WE, OUR PARENT, PREDECESSOR OR AFFILIATE NOR ANY PERSON IN ITEM 2 OF THE FRANCHISE DISCLOSURE DOCUMENT IS SUBJECT TO ANY CURRENTLY EFFECTIVE ORDER OF ANY NATIONAL SECURITIES ASSOCIATION OR NATIONAL SECURITIES EXCHANGE, AS DEFINED IN THE SECURITIES EXCHANGE AC OF 1934, 15 U.S.C.A SECTIONS 78A ET SEQ., SUSPENDING OR EXPELLING SUCH PERSONS FROM MEMBERSHIP IN THAT ASSOCIATION OR EXCHANGE.
4. OUR WEBSITE, [WWW.PLAYPICKLEPAD.COM](http://WWW.PLAYPICKLEPAD.COM), HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION & INNOVATION. ANY COMPLAINTS CONCERNING THE CONTENT OF THE WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION & INNOVATION AT [WWW.DFPI.CA.GOV](http://WWW.DFPI.CA.GOV).
5. The following paragraph is added at the end of Item 6:

The highest rate of interest allowed by California law is 10% annually.

6. The following paragraphs are added at the end of Item 17:

The Franchise Agreement and Area Development Agreement require you to sign a general release of claims upon renewal or transfer of the Franchise Agreement or Area Development Agreement. California Corporations Code Section 31512 provides that any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of that law or any rule or order thereunder is void. Section 31512 might void a waiver of your rights under the Franchise Investment Law (California Corporations Code Section 31000 – 31516). Business and Professions Code Section 20010 might void a waiver of your rights under the Franchise Relations Act (Business and Professions Code Sections 20000 – 20043).

The Franchise Agreement contains a liquidated damages clause. Under California Civil Code Section 1671, certain liquidated damages clauses are unenforceable.

California Business and Professions Code Sections 20000 through 20043 provide rights to the franchisee concerning termination, transfer or nonrenewal of a franchise. If the Area Development Agreement or Franchise Agreement contain a provision that is inconsistent with the law, and the law applies, the law will control.

The Franchise Agreement and Area Development Agreement contain a covenant not to compete that extends beyond termination of the franchise. This provision might not be enforceable under California law.

The Franchise Agreement provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 U.S.C.A Section 101 et seq.).

The Franchise Agreement and Area Development Agreement require binding arbitration. The arbitration will be conducted at a suitable location chosen by the arbitrator which is within a 50 mile radius of our then current principal place of business (currently Dallas, Texas) with the costs being borne as provided in the Franchise Agreement and Area Development Agreement. Prospective developers and franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of the Franchise Agreement and Area Development Agreement restricting venue to a forum outside the State of California.

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

The Franchise Agreement and Area Development Agreement require application of the laws of Delaware. This provision might not be enforceable under California law.

Under the Franchise Agreement, we reserve the right to require that franchisees comply with maximum and minimum prices it sets for goods and services. The Antitrust Law Section of the Office of the California Attorney General views maximum price agreements as per se violations of the California's Cartwright Act (Cal. Bus. and Prof. Code §§ 16700 to 16770).

Section 31512.1 of the California Corporations Code requires that any provision of the Franchise Agreement, Disclosure Document, acknowledgement, questionnaire, or other writing, including any exhibit thereto, disclaiming or denying any of the following shall be deemed contrary to public policy and shall be void and unenforceable: (a) representations made by the franchisor or its personnel or agents to a prospective franchisee; (b) reliance by a franchisee on any representations made by the franchisor or its personnel or agents; (c) reliance by a franchisee on the franchise disclosure document, including any exhibit thereto; or (d) violations of any provision of this division.

## **GEORGIA**

1. The company selling a business opportunity or the seller shall collect no more than 15 percent of the purchase price. The balance of the purchase price shall be paid into an escrow account, established with a bank or an attorney, which is agreed upon by both parties. The balance in escrow shall be paid to the company 60 days after the date the purchaser commences operation of the business or upon complete compliance with the terms of the contract, whichever happens first.
2. If the company fails to deliver the product, equipment, or supplies necessary to begin substantial operation of the business within 45 days of the delivery date stated in your contract, you may notify the company in writing and demand that the contract be cancelled.

## **HAWAII**

1. THESE FRANCHISES 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.

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 PRIOR TO THE EXECUTION BY THE PROSPECTIVE FRANCHISEE OF ANY BINDING FRANCHISE OR OTHER AGREEMENT, OR AT LEAST SEVEN DAYS PRIOR TO THE PAYMENT OF ANY CONSIDERATION BY THE FRANCHISEE, OR SUBFRANCHISOR, WHICHEVER OCCURS FIRST, A COPY OF THE OFFERING CIRCULAR, TOGETHER WITH A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE.

THIS OFFERING CIRCULAR CONTAINS A SUMMARY ONLY OF CERTAIN MATERIAL PROVISIONS OF THE FRANCHISE AGREEMENT. THE CONTRACT OR AGREEMENT SHOULD BE REFERRED TO FOR A STATEMENT OF ALL RIGHTS, CONDITIONS,

RESTRICTIONS AND OBLIGATIONS OF BOTH THE FRANCHISOR AND THE FRANCHISEE.

2. **DO NOT SIGN THE REPRESENTATIONS AND ACKNOWLEDGEMENT QUESTIONNAIRE IF YOU ARE LOCATED, OR YOUR CLUB WILL BE LOCATED IN HAWAII.**

## **ILLINOIS**

1. The following paragraphs are added to the end of Item 17:

Illinois law governs the Franchise Agreement.

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

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

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

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.

## **MARYLAND**

1. The following language is added at the end of Item 17.

The Area Development Agreement and Franchise Agreement provides for termination upon bankruptcy. This provision might not be enforceable under federal bankruptcy law (11 U.S.C. Sections 101 et seq.) but we will enforce it to the extent enforceable.

2. The following is added to the end of Item 17(c) and Item 17(m):

However, any release required as a condition of renewal and/or assignment/transfer will not apply to claims arising under the Maryland Franchise Registration and Disclosure Law.

3. The following language is added at the end of Item 17(v):

A franchisee may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law. Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.

## **MINNESOTA**

1. The following is added at the end of the chart in Item 6:

The Item 6 line item entitled “Lost Revenue Damages” will not be enforced to the extent prohibited by applicable law.

2. The following is added at the end of the chart in Item 17:

With respect to franchises governed by Minnesota law, we will comply with Minn. Stat. Sec. 80C.14, Subds. 3, 4 and 5 which require, except in certain specified cases, that you be given 90 days' notice of termination (with 60 days to cure) of the Franchise Agreement and Area Development Agreement and 180 days' notice for non-renewal of the Franchise Agreement and Area Development Agreement.

Minn. Stat. Sec. 80C.21 and Minn. Rule 2860.4400J prohibits us from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial or requiring the Area Developer or Franchisee to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Disclosure Document, Area Development Agreement or Franchise Agreement can abrogate or reduce any of Area Developer's or Franchisee's rights as provided for in Minnesota Statutes, Chapter 80C, or Area Developer's or Franchisee's rights to any procedure, forum or remedies provided for by the laws of the jurisdiction.

Any release required as a condition of renewal or transfer/assignment will not apply to the extent prohibited by Governing Law with respect to claims arising under Minn. Rule 2860.4400D.

The Limitations of Claims sections of the Franchise Agreement and Area Development Agreement must comply with Minnesota Statute 80C.17 Subd. 5.

## **NEW YORK**

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 SOURCES OF INFORMATION. REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT NEW YORK STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS DISCLOSURE DOCUMENT. IF YOU LEARN THAT ANYTHING IN THE**

**DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND NEW YORK STATE DEPARTMENT OF LAW, BUREAU OF INVESTOR PROTECTION AND SECURITIES, 28 LIBERTY STREET, 21<sup>ST</sup> FLOOR, NEW YORK, NEW YORK 10005.**

**WE MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE DISCLOSURE DOCUMENT. HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE DEVELOPER OR FRANCHISEE TO ACCEPT TERMS WHICH ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS DISCLOSURE DOCUMENT.**

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

With regard to us, our parent, predecessor or affiliate, the persons identified in Item 2, or an affiliate offering franchises under our 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, antitrust, or securities law; fraud; embezzlement; fraudulent conversion; misappropriation of property; or unfair or deceptive practices; or comparable allegations.

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

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

Neither we, our affiliate, predecessor, officers, or general partners or any other individual who will have management responsibility relating to the sale or operation of franchises offered by this Disclosure Document have, during the 10-year period immediately preceding the date of the Disclosure Document: (a) filed as debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code; (b) obtained a discharge of its debts under the U.S. Bankruptcy Code; or (c) was a principal officer of a company or a general partner in a partnership that either filed as a debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code or that obtained a discharge of its debts under the U.S. Bankruptcy Code during or within 1 year after that officer or general partner of the franchisor held this position in the company or partnership.

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

We apply the initial franchise fee to defray our costs for site review and approval, sales, legal compliance, salary, and general administrative expenses and profits.

5. The following is added to Item 17:

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

6. The following is added to Item 17(d):

You may terminate the Franchise Agreement on any grounds available by law.

7. The following is added to Item 17(j)

However, to the extent required by applicable law, no assignment will be made except to an assignee who, in our good faith judgment, is willing and financially able to assume our obligations under the Area Development Agreement or Franchise Agreement.

8. The following is added to Item 17(v) and 17(w):

However, the governing choice of law and choice of forum shall not be considered a waiver of any right conferred upon you by the provisions of Article 33 of the General Business Law of the State of New York.



## **NORTH CAROLINA**

1. If the seller fails to deliver the product(s), equipment or supplies 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.

## **NORTH DAKOTA**

1. The following is added at the end of the chart in Item 6:  
  
The Item 6 line item entitled “Lost Revenue Damages” will not be enforced to the extent prohibited by applicable law
2. The following is added to the end of Item 17(c) and Item 17(m):  
  
However, any release required as a condition of renewal and/or assignment/transfer will not apply to the extent prohibited by the North Dakota Franchise Investment Law.
3. The following is added to the end of Item 17(r):  
  
Covenants not to compete such as those mentioned above are generally considered unenforceable in the State of North Dakota; however, we and you will enforce the covenants to the maximum extent the law allows.
4. The following is added to the end of Item 17(u):  
  
To the extent required by the North Dakota Franchise Investment Law (unless such requirement is preempted by the Federal Arbitration Act), arbitration will be at a site to which we and you mutually agree.
5. The following is added to the end of Item 17(v):  
  
However, subject to your mediation and arbitration obligations, to the extent required by North Dakota Franchise Investment Law, you may bring an action in North Dakota.
6. Item 17(w) is deleted and replaced with the following:  
  
Except as otherwise required by North Dakota law, the laws of the State of Delaware shall apply.

## **RHODE ISLAND**

1. The following language is added to the end of Item 17(v) and 17(w):  
  
Section 19-28.1-14 of the Rhode Island Franchise Investment Act provides that “A provision in a franchise agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this Act. To the extent required by applicable

law Rhode Island law will apply to claims arising under the Rhode Island Franchise Investment Act.”

## **SOUTH CAROLINA**

1. If the seller fails to deliver the product, equipment or supplies 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.

## **VIRGINIA**

1. The following language is added to the end of Item 17(h):

Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any grounds for default or termination stated in the Franchise Development Agreement or Franchise Agreement does not constitute “reasonable cause,” as that term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, that provision may not be enforceable.

## **WASHINGTON**

1. The following paragraph is added at the end of Item 17:

In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW will prevail.

RCW 19.100.180 may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.

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

The Securities Division of the State of Washington Department of Financial Institutions requires the following language:

A release or waiver of rights executed by a franchisee may not include rights under the Washington Franchise Investment Protection Act or any rule or order thereunder except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims

under the Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.

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

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

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

2. The following language is added at the end of Item 5:

If you receive financial incentives for the reference of franchise prospects to us, you may be required to register as a franchise broker under the laws of the State of Washington.

**THE FOLLOWING PAGES IN THIS EXHIBIT ARE  
STATE-SPECIFIC RIDERS TO THE  
AREA DEVELOPMENT AGREEMENT**

**RIDER TO THE TPP FRANCHISING LLC  
AREA DEVELOPMENT AGREEMENT  
FOR USE IN GEORGIA**

**THIS RIDER** is made and entered into by and between **TPP FRANCHISING LLC**, a Delaware limited liability company with its principal business address at 12222 Merit Drive, Suite 1300, Dallas, Texas 75251 (“**we**” or “**us**”), and \_\_\_\_\_, whose principal business address is \_\_\_\_\_ (“**you**” or “**your**”).

1. **BACKGROUND.** **We** and you are parties to that certain Area Development Agreement dated \_\_\_\_\_, 20\_\_ (the “**Area Development Agreement**”) that has been signed concurrently with the signing of this Rider. This Rider is annexed to and forms part of the Area Development Agreement. This Rider is being signed because you are located in the State of Georgia, or your Development Area is located in Georgia.

2. **INITIAL FEES.** The following paragraph is added at the end of Section 3.A of the Area Development Agreement:

We will not collect more than 15% of the purchase price that you pay us for any Club franchise. The balance of the purchase price will be paid into an escrow account, established with a bank or an attorney, which you and we agree on. The balance in escrow will be paid to us 60 days after the date that your Club commences operation, or the date we have fully complied with our pre-opening obligations to you under this Agreement and the applicable Franchise Agreement, whichever happens first.

*[SIGNATURE PAGE TO FOLLOW]*

**IN WITNESS WHEREOF**, the parties have executed and delivered this Rider to be effective as of the effective date of the Area Development Agreement.

**TPP FRANCHISING LLC,**  
a Delaware limited liability company

Sign: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**AREA DEVELOPER**

**(IF YOU ARE A CORPORATION,  
LIMITED LIABILITY COMPANY, OR  
PARTNERSHIP):**

\_\_\_\_\_  
Entity Name

\_\_\_\_\_  
Signature

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

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

**DATED:** \_\_\_\_\_

**AREA DEVELOPER**

**(IF YOU ARE AN INDIVIDUAL AND NOT  
AN ENTITY):**

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Print Name

**DATED:** \_\_\_\_\_

**RIDER TO THE TPP FRANCHISING LLC  
AREA DEVELOPMENT AGREEMENT  
FOR USE IN ILLINOIS**

**THIS RIDER** is made and entered into by and between **TPP FRANCHISING LLC**, a Delaware limited liability company with its principal business address at 12222 Merit Drive, Suite 1300, Dallas, Texas 75251 (“**we**” or “**us**”), and \_\_\_\_\_, whose principal business address is \_\_\_\_\_ (“**you**” or “**your**”).

1. **BACKGROUND.** We and you are parties to that certain Area Development Agreement dated \_\_\_\_\_, 20\_\_ (the “**Area Development Agreement**”) that has been signed concurrently with the signing of this Rider. This Rider is annexed to and forms part of the Area Development Agreement. This Rider is being signed because (a) you are domiciled in the State of Illinois, or (b) the offer of the franchise is made or accepted in the State of Illinois and the Clubs that you develop under your Area Development Agreement are or will be located in the State of Illinois.

2. **ILLINOIS FRANCHISE DISCLOSURE ACT.** The following language is added to the end of the Area Development Agreement:

Illinois law governs the Area Development Agreement.

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

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

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

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.

*[SIGNATURE PAGE TO FOLLOW]*

**IN WITNESS WHEREOF**, the parties have executed and delivered this Rider to be effective as of the effective date of the Area Development Agreement.

**TPP FRANCHISING LLC,**  
a Delaware limited liability company

Sign: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**AREA DEVELOPER**

**(IF YOU ARE A CORPORATION,  
LIMITED LIABILITY COMPANY, OR  
PARTNERSHIP):**

\_\_\_\_\_  
Entity Name

\_\_\_\_\_  
Signature

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

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

**DATED:** \_\_\_\_\_

**AREA DEVELOPER**

**(IF YOU ARE AN INDIVIDUAL AND NOT  
AN ENTITY):**

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Print Name

**DATED:** \_\_\_\_\_



**RIDER TO THE TPP FRANCHISING LLC  
AREA DEVELOPMENT AGREEMENT  
FOR USE IN MARYLAND**

**THIS RIDER** is made and entered into by and between **TPP FRANCHISING LLC**, a Delaware limited liability company with its principal business address at 12222 Merit Drive, Suite 1300, Dallas, Texas 75251 (“**we**” or “**us**”), and \_\_\_\_\_, whose principal business address is \_\_\_\_\_ (“**you**” or “**your**”).

1. **BACKGROUND.** We and you are parties to that certain Area Development Agreement dated \_\_\_\_\_, 20\_\_ (the “**Area Development Agreement**”) that has been signed concurrently with the signing of this Rider. This Rider is annexed to and forms part of the Area Development Agreement. This Rider is being signed because (a) you are a resident of the State of Maryland; or (b) the Clubs that you develop under your Area Development Agreement are or will be operated in the State of Maryland; or (c) the offer to sell is made in the State of Maryland; or (d) the offer to buy is accepted in the State of Maryland.

2. **RELEASES.** The following is added to the end of Sections 6B and 6C(3) of the Area Development Agreement:

Pursuant to COMAR 02.02.08.16L, any release required as a condition of renewal and/or assignment/transfer will not apply to claims arising under the Maryland Franchise Registration and Disclosure Law.

3. **INSOLVENCY.** The following is added to the end of Section 7B(8) of the Area Development Agreement:

The provision which provides for termination upon your bankruptcy might not be enforceable under federal bankruptcy law (11 U.S.C. Sections 101 et seq.).

4. **CONSENT TO JURISDICTION.** Section 10D of the Area Development Agreement is supplemented by adding the following to the end of the Section:

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

5. **ARBITRATION.** Section 10B of the Area Development Agreement is supplemented by adding the following to the end of the Section:

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 Registration and Disclosure Law. In light of the Federal Arbitration Act, there is some dispute as to whether this forum selection requirement is legally enforceable.

6. **LIMITATIONS OF CLAIMS AND CLASS ACTION BAR.** The following is added to the end of the first paragraph of Section 10J of the Area Development Agreement:

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

7. **RELEASES.** The Area Development Agreement is further amended to state that “All representations requiring prospective franchisees to assent to a release, estoppel or waiver of liability are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.”

*[SIGNATURE PAGE TO FOLLOW]*

**IN WITNESS WHEREOF**, the parties have executed and delivered this Rider to be effective as of the effective date of the Area Development Agreement.

**TPP FRANCHISING LLC,**  
a Delaware limited liability company

Sign: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**AREA DEVELOPER**

**(IF YOU ARE A CORPORATION,  
LIMITED LIABILITY COMPANY, OR  
PARTNERSHIP):**

\_\_\_\_\_  
Entity Name

\_\_\_\_\_  
Signature

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

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

**DATED:** \_\_\_\_\_

**AREA DEVELOPER**

**(IF YOU ARE AN INDIVIDUAL AND NOT  
AN ENTITY):**

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Print Name

**DATED:** \_\_\_\_\_

**RIDER TO THE TPP FRANCHISING LLC  
AREA DEVELOPMENT AGREEMENT  
FOR USE IN MINNESOTA**

**THIS RIDER** is made and entered into by and between **TPP FRANCHISING LLC**, a Delaware limited liability company with its principal business address at 12222 Merit Drive, Suite 1300, Dallas, Texas 75251 (“**we**” or “**us**”), and \_\_\_\_\_, whose principal business address is \_\_\_\_\_ (“**you**” or “**your**”).

1. **BACKGROUND.** We and you are parties to that certain Area Development Agreement dated \_\_\_\_\_, 20\_\_ (the “**Area Development Agreement**”) that has been signed concurrently with the signing of this Rider. This Rider is annexed to and forms part of the Area Development Agreement. This Rider is being signed because (a) the Clubs that you will develop under the Area Development Agreement will be operated wholly or partly in the State of Minnesota; and/or (b) you either a resident of, domiciled in, or actually present in the State of Minnesota.

2. **RELEASES.** The following is added to the end of Sections 6B and 6C(3) of the Area Development Agreement:

Any release required as a condition of renewal and/or assignment/transfer will not apply to the extent prohibited by the Minnesota Franchises Law.

3. **INJUNCTIVE RELIEF.** The following language is added to the end of Section 10H of the Area Development Agreement:

Notwithstanding the foregoing, a court will determine if a bond is required.

4. **LIMITATIONS OF CLAIMS; WAIVER OF CLASS ACTION.** The following is added to the end of the first paragraph of Section 10J of the Area Development Agreement:

; provided, however, that Minnesota law provides that no action may be commenced under Minn. Stat. Sec. 80C.17 more than 3 years after the cause of action accrues.

5. **MINNESOTA LAW.** Notwithstanding anything to the contrary contained in the Area Development Agreement, Minn. Stat. Sec. 80C.21 and Minn. Rule 2860.4400J prohibit us from requiring you to waive your rights to a jury trial or to waive your rights to any procedure, forum or remedies provided for by the laws of the jurisdiction, or to consent to liquidated damages, termination penalties or judgment notes.

*[SIGNATURE PAGE TO FOLLOW]*

**IN WITNESS WHEREOF**, the parties have executed and delivered this Rider to be effective as of the effective date of the Area Development Agreement.

**TPP FRANCHISING LLC,**  
a Delaware limited liability company

Sign: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**AREA DEVELOPER**

**(IF YOU ARE A CORPORATION,  
LIMITED LIABILITY COMPANY, OR  
PARTNERSHIP):**

\_\_\_\_\_  
Entity Name

\_\_\_\_\_  
Signature

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

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

**DATED:** \_\_\_\_\_

**AREA DEVELOPER**

**(IF YOU ARE AN INDIVIDUAL AND NOT  
AN ENTITY):**

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Print Name

**DATED:** \_\_\_\_\_

**RIDER TO THE TPP FRANCHISING LLC  
AREA DEVELOPMENT AGREEMENT  
FOR USE IN NEW YORK**

**THIS RIDER** is made and entered into by and between **TPP FRANCHISING LLC**, a Delaware limited liability company with its principal business address at 12222 Merit Drive, Suite 1300, Dallas, Texas 75251 (“**we**” or “**us**”), and \_\_\_\_\_, whose principal business address is \_\_\_\_\_ (“**you**” or “**your**”).

1. **BACKGROUND.** We and you are parties to that certain Area Development Agreement dated \_\_\_\_\_, 20\_\_ (the “**Area Development Agreement**”) that has been signed concurrently with the signing of this Rider. This Rider is annexed to and forms part of the Area Development Agreement. This Rider is being signed because (a) an offer to sell is made in the State of New York; or (b) an offer to buy is accepted in the State of New York; or (c) if you are domiciled in the State of New York, the Club is or will be operated in the State of New York.

2. **RELEASES AND WAIVERS.** The following is added to the end of Sections 6B and 6C(3) of the Area Development Agreement:

Notwithstanding the foregoing all rights enjoyed by you and any causes of action arising in your favor from the provision of Article 33 of the General Business Law of the State of New York and the regulations issued there under shall remain in force to the extent required by the non-waiver provisions of GBL Sections 687.4 and 687.4, as amended.

3. **CHOICE OF FORUM AND CHOICE OF LAW.** This Section shall not be considered a waiver of any right conferred upon you by the provisions of Article 33 of the New York General Business Law, as amended, and the regulations issued thereunder.

4. **TRANSFER.** The following sentence is added to the end of Section 6B of the Area Development Agreement:

However, to the extent required by applicable law, no assignment will be made except to an assignee who, in our good faith judgment, is willing and financially able to assume our obligations under this Agreement.

5. **TERMINATION.** The following sentence is added to the end of Section 7A of the Area Development Agreement:

You also may terminate this Agreement on any grounds available by law under the provisions of Article 33 of the General Business Law of the State of New York.

[SIGNATURE PAGE TO FOLLOW]

**IN WITNESS WHEREOF**, the parties have executed and delivered this Rider to be effective as of the effective date of the Area Development Agreement.

**TPP FRANCHISING LLC,**  
a Delaware limited liability company

Sign: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**AREA DEVELOPER**

**(IF YOU ARE A CORPORATION,  
LIMITED LIABILITY COMPANY, OR  
PARTNERSHIP):**

\_\_\_\_\_  
Entity Name

\_\_\_\_\_  
Signature

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

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

**DATED:** \_\_\_\_\_

**AREA DEVELOPER**

**(IF YOU ARE AN INDIVIDUAL AND NOT  
AN ENTITY):**

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Print Name

**DATED:** \_\_\_\_\_

**RIDER TO THE TPP FRANCHISING LLC  
AREA DEVELOPMENT AGREEMENT  
FOR USE IN NORTH DAKOTA**

**THIS RIDER** is made and entered into by and between **TPP FRANCHISING LLC**, a Delaware limited liability company with its principal business address at 12222 Merit Drive, Suite 1300, Dallas, Texas 75251 (“**we**” or “**us**”), and \_\_\_\_\_, whose principal business address is \_\_\_\_\_ (“**you**” or “**your**”).

1. **BACKGROUND.** We and you are parties to that certain Area Development Agreement dated \_\_\_\_\_, 20\_\_ (the “**Area Development Agreement**”) that has been signed concurrently with the signing of this Rider. This Rider is annexed to and forms part of the Area Development Agreement. This Rider is being signed because (a) an offer to sell is made in the State of North Dakota; or (b) an offer to buy is accepted in the State of North Dakota; or (c) if you are domiciled in the State of North Dakota, the Clubs that you develop under your Area Development Agreement are or will be operated in the State of North Dakota.

2. **RELEASES.** The following is added to the end of Sections 6B and 6C(3) of the Area Development Agreement:

Any release required as a condition of renewal and/or assignment/transfer will not apply to the extent prohibited by the North Dakota Franchise Investment Law.

3. **COVENANT NOT TO COMPETE.** The following is added to the end of Section 8B of the Area Development Agreement:

Covenants not to compete such as those mentioned above are generally considered unenforceable in the State of North Dakota; however, we will enforce the covenants to the maximum extent the law allows.

4. **ARBITRATION.** The following language is added to the end of Section 10B of the Area Development Agreement:

Notwithstanding the foregoing, to the extent required by the North Dakota Franchise Investment Law (unless such a requirement is preempted by the Federal Arbitration Act), arbitration shall be held at a site to which we and you mutually agree.

5. **GOVERNING LAW.** The second sentence of Section 10C of the Area Development Agreement is deleted in its entirety and replaced with the following language:

Except to the extent governed by the Federal Arbitration Act, the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. Sections 1051 et seq.), or other federal law, and except as otherwise required by North Dakota law, this Agreement, the franchise, and all claims arising from the relationship between us and you will be governed by the laws of the State of Delaware, without regard to its conflict of laws rules, except that any state law regulating the sale of franchises or governing the relationship of a franchisor and its franchisee will not apply unless its jurisdictional requirements are met independently without reference to this section.



6. **CONSENT TO JURISDICTION.** The following is added to the end of Section 10D of the Area Development Agreement:

Notwithstanding the foregoing, to the extent required by the North Dakota Franchise Investment Law, you may bring an action in North Dakota for claims arising under the North Dakota Franchise Investment Law.

7. **WAIVER OF PUNITIVE DAMAGES AND JURY TRIAL.** To the extent required by the North Dakota Franchise Investment Law, Section 10G of the Area Development Agreement is deleted.

8. **LIMITATIONS OF CLAIMS AND CLASS ACTION BAR.** The following is added to the end of the first paragraph of Section 10J of the Area Development Agreement:

The statutes of limitations under North Dakota Law applies with respect to claims arising under the North Dakota Franchise Investment Law.

*[SIGNATURE PAGE TO FOLLOW]*

**IN WITNESS WHEREOF**, the parties have executed and delivered this Rider to be effective as of the effective date of the Area Development Agreement.

**TPP FRANCHISING LLC,**  
a Delaware limited liability company

Sign: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**AREA DEVELOPER**

**(IF YOU ARE A CORPORATION,  
LIMITED LIABILITY COMPANY, OR  
PARTNERSHIP):**

\_\_\_\_\_  
Entity Name

\_\_\_\_\_  
Signature

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

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

**DATED:** \_\_\_\_\_

**AREA DEVELOPER**

**(IF YOU ARE AN INDIVIDUAL AND NOT  
AN ENTITY):**

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Print Name

**DATED:** \_\_\_\_\_

**RIDER TO THE TPP FRANCHISING LLC  
AREA DEVELOPMENT AGREEMENT  
FOR USE IN RHODE ISLAND**

**THIS RIDER** is made and entered into by and between **TPP FRANCHISING LLC**, a Delaware limited liability company with its principal business address at 12222 Merit Drive, Suite 1300, Dallas, Texas 75251 (“**we**” or “**us**”), and \_\_\_\_\_, whose principal business address is \_\_\_\_\_ (“**you**” or “**your**”).

1. **BACKGROUND.** We and you are parties to that certain Area Development Agreement dated \_\_\_\_\_, 20\_\_\_\_ (the “**Area Development Agreement**”) that has been signed concurrently with the signing of this Rider. This Rider is annexed to and forms part of the Area Development Agreement. This Rider is being signed because (a) an offer to sell is made or accepted in the State of Rhode Island, or (b) an offer to buy is accepted in the State of Rhode Island, or (c) you are a resident of the State of Rhode Island and the Clubs you develop under your Area Development Agreement are or will be operated in the State of Rhode Island.

2. **GOVERNING LAW.** The following is added at the end of Section 10C of the Area Development Agreement:

Section 19-28.1-14 of the Rhode Island Franchise Investment Act provides that “A provision in an area development agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this Act.”

3. **CONSENT TO JURISDICTION.** The following is added at the end of Section 10D of the Area Development Agreement:

Section 19-28.1-14 of the Rhode Island Franchise Investment Act provides that “To the extent required by applicable law, Rhode Island law will apply to claims arising under the Rhode Island Franchise Investment Act.”

*[SIGNATURE PAGE TO FOLLOW]*

**IN WITNESS WHEREOF**, the parties have executed and delivered this Rider to be effective as of the effective date of the Area Development Agreement.

**TPP FRANCHISING LLC,**  
a Delaware limited liability company

Sign: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**AREA DEVELOPER**

**(IF YOU ARE A CORPORATION,  
LIMITED LIABILITY COMPANY, OR  
PARTNERSHIP):**

\_\_\_\_\_  
Entity Name

\_\_\_\_\_  
Signature

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

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

**DATED:** \_\_\_\_\_

**AREA DEVELOPER**

**(IF YOU ARE AN INDIVIDUAL AND NOT  
AN ENTITY):**

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Print Name

**DATED:** \_\_\_\_\_

**RIDER TO THE TPP FRANCHISING LLC  
TO THE AREA DEVELOPMENT AGREEMENT, REPRESENTATIONS STATEMENT,  
AND RELATED AGREEMENTS  
FOR USE IN WASHINGTON**

**THIS RIDER** is made and entered into by and between **TPP FRANCHISING LLC**, a Delaware limited liability company with its principal business address at 12222 Merit Drive, Suite 1300, Dallas, Texas 75251 (“**we**” or “**us**”), and \_\_\_\_\_, whose principal business address is \_\_\_\_\_ (“**you**” or “**your**”).

1. **BACKGROUND.** We and you are parties to that certain Area Development Agreement dated \_\_\_\_\_, 20\_\_ (the “**Area Development Agreement**”) that has been signed concurrently with the signing of this Rider. This Rider is annexed to and forms part of the Area Development Agreement. This Rider is being signed because (a) the offer is directed into the State of Washington and is received where it is directed; or (b) you are a resident of the State of Washington; or (c) the Clubs that you develop under your Area Development Agreement are or will be located or operated, wholly or partly, in the State of Washington.

2. **WASHINGTON LAW.** The following paragraphs are added to the end of the Area Development Agreement:

In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW will prevail.

RCW 19.100.180 may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.

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

The Securities Division of the State of Washington Department of Financial Institutions requires the following language:

A release or waiver of rights executed by a franchisee may not include rights under the Washington Franchise Investment Protection Act or any rule or order thereunder except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.

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

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

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

*[SIGNATURE PAGE TO FOLLOW]*

**IN WITNESS WHEREOF**, the parties have executed and delivered this Rider to be effective as of the effective date of the Area Development Agreement.

**TPP FRANCHISING LLC,**  
a Delaware limited liability company

Sign: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**AREA DEVELOPER**

**(IF YOU ARE A CORPORATION,  
LIMITED LIABILITY COMPANY, OR  
PARTNERSHIP):**

\_\_\_\_\_  
Entity Name

\_\_\_\_\_  
Signature

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

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

**DATED:** \_\_\_\_\_

**AREA DEVELOPER**

**(IF YOU ARE AN INDIVIDUAL AND NOT  
AN ENTITY):**

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Print Name

**DATED:** \_\_\_\_\_

**THE FOLLOWING PAGES IN THIS EXHIBIT ARE  
STATE-SPECIFIC RIDERS TO THE  
FRANCHISE AGREEMENT**



**RIDER TO THE TPP FRANCHISING LLC  
FRANCHISE AGREEMENT  
FOR USE IN GEORGIA**

**THIS RIDER** is made and entered into by and between **TPP FRANCHISING LLC**, a Delaware limited liability company with its principal business address at 12222 Merit Drive, Suite 1300, Dallas, Texas 75251 (“**we**” or “**us**”), and \_\_\_\_\_, whose principal business address is \_\_\_\_\_ (“**you**” or “**your**”).

1. **BACKGROUND.** We and you are parties to that certain Franchise Agreement dated \_\_\_\_\_, 20\_\_ (the “**Franchise Agreement**”) that has been signed concurrently with the signing of this Rider. This Rider is annexed to and forms part of the Franchise Agreement. This Rider is being signed because you are located in the State of Georgia, or the Club you develop is located in Georgia.

2. **INITIAL FRANCHISE FEE.** The following paragraph is added at the end of Section 3.A of the Franchise Agreement:

We will not collect more than 15% of the purchase price that you pay us for your franchise. The balance of the purchase price will be paid into an escrow account, established with a bank or an attorney, which you and we agree on. The balance in escrow will be paid to us 60 days after the date that your Club commences operation, or the date we have fully complied with our pre-opening obligations to you under this Agreement, whichever happens first.

[SIGNATURE PAGE TO FOLLOW]

**IN WITNESS WHEREOF**, the parties have executed and delivered this Rider to be effective as of the effective date of the Franchise Agreement.

**TPP FRANCHISING LLC,**  
a Delaware limited liability company

Sign: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**FRANCHISEE**

**(IF YOU ARE A CORPORATION,  
LIMITED LIABILITY COMPANY, OR  
PARTNERSHIP):**

\_\_\_\_\_  
Entity Name

\_\_\_\_\_  
Signature

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

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

**DATED:** \_\_\_\_\_

**FRANCHISEE**

**(IF YOU ARE AN INDIVIDUAL AND NOT  
AN ENTITY):**

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Print Name

**DATED:** \_\_\_\_\_

**RIDER TO THE TPP FRANCHISING LLC  
FRANCHISE AGREEMENT  
FOR USE IN ILLINOIS**

**THIS RIDER** is made and entered into by and between **TPP FRANCHISING LLC**, a Delaware limited liability company with its principal business address at 12222 Merit Drive, Suite 1300, Dallas, Texas 75251 (“**we**” or “**us**”), and \_\_\_\_\_, whose principal business address is \_\_\_\_\_ (“**you**” or “**your**”).

1. **BACKGROUND.** We and you are parties to that certain Franchise Agreement dated \_\_\_\_\_, 20\_\_ (the “**Franchise Agreement**”) that has been signed concurrently with the signing of this Rider. This Rider is annexed to and forms part of the Franchise Agreement. This Rider is being signed because (a) you are domiciled in the State of Illinois, or (b) the offer of the franchise is made or accepted in the State of Illinois and the Club that you develop under your Franchise Agreement is or will be operated in the State of Illinois.

2. **ILLINOIS FRANCHISE DISCLOSURE ACT.** The following language is added to the end of the Franchise 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.

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

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

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.

[SIGNATURE PAGE TO FOLLOW]

**IN WITNESS WHEREOF**, the parties have executed and delivered this Rider to be effective as of the effective date of the Franchise Agreement.

**TPP FRANCHISING LLC,**  
a Delaware limited liability company

Sign: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**FRANCHISEE**

**(IF YOU ARE A CORPORATION,  
LIMITED LIABILITY COMPANY, OR  
PARTNERSHIP):**

\_\_\_\_\_  
Entity Name

\_\_\_\_\_  
Signature

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

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

**DATED:** \_\_\_\_\_

**FRANCHISEE**

**(IF YOU ARE AN INDIVIDUAL AND NOT  
AN ENTITY):**

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Print Name

**DATED:** \_\_\_\_\_

**RIDER TO THE TPP FRANCHISING LLC  
FRANCHISE AGREEMENT  
FOR USE IN MARYLAND**

**THIS RIDER** is made and entered into by and between **TPP FRANCHISING LLC**, a Delaware limited liability company with its principal business address at 12222 Merit Drive, Suite 1300, Dallas, Texas 75251 (“**we**” or “**us**”), and \_\_\_\_\_, whose principal business address is \_\_\_\_\_ (“**you**” or “**your**”).

1. **BACKGROUND.** We and you are parties to that certain Franchise Agreement dated \_\_\_\_\_, 20\_\_ (the “**Franchise Agreement**”) that has been signed concurrently with the signing of this Rider. This Rider is annexed to and forms part of the Franchise Agreement. This Rider is being signed because (a) you are a resident of the State of Maryland; or (b) the Club that you develop under your Franchise Agreement is or will be operated in the State of Maryland; or (c) the offer to sell is made in the State of Maryland; or (d) the offer to buy is accepted in the State of Maryland.

2. **RELEASES.** The following is added to the end of Sections 13B, 13C(3), 14A(5), and 16E of the Franchise Agreement:

Pursuant to COMAR 02.02.08.16L, any release required as a condition of renewal and/or assignment/transfer will not apply to claims arising under the Maryland Franchise Registration and Disclosure Law.

3. **INSOLVENCY.** The following is added to the end of Sections 15B(19) and (20) of the Franchise Agreement:

This Section might not be enforceable under federal bankruptcy law (11 U.S.C. Sections 101 et seq.).

4. **CONSENT TO JURISDICTION.** Section 18C of the Franchise Agreement is supplemented by adding the following to the end of the Section:

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

5. **ARBITRATION.** Section 18B of the Franchise Agreement is supplemented by adding the following to the end of the Section:

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 Registration and Disclosure Law. In light of the Federal Arbitration Act, there is some dispute as to whether this forum selection requirement is legally enforceable.

6. **LIMITATIONS OF CLAIMS.** The following is added to the end of Section 18J of the Franchise Agreement:

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

7. **RELEASES.** The Franchise Agreement is further amended to state that “All representations requiring prospective franchisees to assent to a release, estoppel or waiver of liability are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

*[SIGNATURE PAGE TO FOLLOW]*

**IN WITNESS WHEREOF**, the parties have executed and delivered this Rider to be effective as of the effective date of the Franchise Agreement.

**TPP FRANCHISING LLC,**  
a Delaware limited liability company

Sign: \_\_\_\_\_

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

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

**FRANCHISEE**

**(IF YOU ARE A CORPORATION,  
LIMITED LIABILITY COMPANY, OR  
PARTNERSHIP):**

\_\_\_\_\_  
Entity Name

\_\_\_\_\_  
Signature

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

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

**DATED:** \_\_\_\_\_

**FRANCHISEE**

**(IF YOU ARE AN INDIVIDUAL AND NOT  
AN ENTITY):**

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Print Name

**DATED:** \_\_\_\_\_

**RIDER TO THE TPP FRANCHISING LLC  
FRANCHISE AGREEMENT  
FOR USE IN MINNESOTA**

**THIS RIDER** is made and entered into by and between **TPP FRANCHISING LLC**, a Delaware limited liability company with its principal business address at 12222 Merit Drive, Suite 1300, Dallas, Texas 75251 (“**we**” or “**us**”), and \_\_\_\_\_, whose principal business address is \_\_\_\_\_ (“**you**” or “**your**”).

1. **BACKGROUND.** We and you are parties to that certain Franchise Agreement dated \_\_\_\_\_, 20\_\_ (the “**Franchise Agreement**”) that has been signed concurrently with the signing of this Rider. This Rider is annexed to and forms part of the Franchise Agreement. This Rider is being signed because (a) the Club that you will develop under the Franchise Agreement will be operated wholly or partly in the State of Minnesota; and/or (b) you either a resident of, domiciled it, or actually present in the State of Minnesota.

2. **INTEREST ON LATE PAYMENTS.** The following language is added to the end of the first paragraph of Section 3E of the Franchise Agreement:

Notwithstanding the foregoing, you and we acknowledge that under Minnesota Statute 604.113 your penalty for an insufficient funds check will be limited to \$30 per occurrence.

3. **RELEASES.** The following is added to the end of Sections 13B, 13C(3), 14A(5), and 16E of the Franchise Agreement:

Any release required as a condition of renewal and/or assignment/transfer will not apply to the extent prohibited by the Minnesota Franchises Law.

4. **RENEWAL AND TERMINATION.** The following is added to the end of Sections 14 and 15 of the Franchise Agreement:

However, with respect to franchises governed by Minnesota law, we will comply with Minn. Stat. Sec. 80C.14, Subds. 3, 4 and 5 which require, except in certain specified cases, that you be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice of non-renewal of this Agreement.

5. **LOST REVENUE DAMAGES.** The following language is added to the end of Section 16C of the Franchise Agreement

We and you acknowledge that certain parts of this provision might not be enforceable under Minn. Rule Part 2860.4400J. However, we and you agree to enforce the provision to the extent the law allows.

6. **INJUNCTIVE RELIEF.** Section 18H of the Franchise Agreement is deleted and replaced with the following:

Notwithstanding the foregoing, a court will determine if a bond is required.



7. **LIMITATIONS OF CLAIMS AND CLASS ACTION BAR.** The following is added to the end of Section 18J of the Franchise Agreement:

; provided, however, that Minnesota law provides that no action may be commenced under Minn. Stat. Sec. 80C.17 more than 3 years after the cause of action accrues.

8. **MINNESOTA LAW.** Notwithstanding anything to the contrary contained in the Franchise Agreement, Minn. Stat. Sec. 80C.21 and Minn. Rule 2860.4400J prohibit us from requiring you to waive your rights to a jury trial or to waive your rights to any procedure, forum or remedies provided for by the laws of the jurisdiction, or to consent to liquidated damages, termination penalties or judgment notes.

*[SIGNATURE PAGE TO FOLLOW]*

**IN WITNESS WHEREOF**, the parties have executed and delivered this Rider to be effective as of the effective date of the Franchise Agreement.

**TPP FRANCHISING LLC,**  
a Delaware limited liability company

Sign: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**FRANCHISEE**

**(IF YOU ARE A CORPORATION,  
LIMITED LIABILITY COMPANY, OR  
PARTNERSHIP):**

\_\_\_\_\_  
Entity Name

\_\_\_\_\_  
Signature

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

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

**DATED:** \_\_\_\_\_

**FRANCHISEE**

**(IF YOU ARE AN INDIVIDUAL AND NOT  
AN ENTITY):**

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Print Name

**DATED:** \_\_\_\_\_

**RIDER TO THE TPP FRANCHISING LLC  
FRANCHISE AGREEMENT  
FOR USE IN NEW YORK**

**THIS RIDER** is made and entered into by and between **TPP FRANCHISING LLC**, a Delaware limited liability company with its principal business address at 12222 Merit Drive, Suite 1300, Dallas, Texas 75251 (“**we**” or “**us**”), and \_\_\_\_\_, whose principal business address is \_\_\_\_\_ (“**you**” or “**your**”).

1. **BACKGROUND.** We and you are parties to that certain Franchise Agreement dated \_\_\_\_\_, 20\_\_ (the “**Franchise Agreement**”) that has been signed concurrently with the signing of this Rider. This Rider is annexed to and forms part of the Franchise Agreement. This Rider is being signed because (a) an offer to sell is made in the State of New York; or (b) an offer to buy is accepted in the State of New York; or (c) if you are domiciled in the State of New York, the Club is or will be operated in the State of New York.

2. **RELEASES AND WAIVERS.** The following is added to the end of Sections 13B and 13C(3) of the Franchise Agreement:

Notwithstanding the foregoing all rights enjoyed by you and any causes of action arising in your favor from the provision of Article 33 of the General Business Law of the State of New York and the regulations issued there under shall remain in force to the extent required by the non-waiver provisions of GBL Sections 687.4 and 687.4, as amended.

3. **CHOICE OF FORUM AND CHOICE OF LAW.** Nothing herein shall be considered a waiver of any right conferred upon you by the provisions of Article 33 of the New York General Business Law, as amended, and the regulations issued thereunder.

4. **TRANSFER.** The following sentence is added to the end of Section 13A of the Franchise Agreement:

However, to the extent required by applicable law, no assignment will be made except to an assignee who, in our good faith judgment, is willing and financially able to assume our obligations under this Agreement.

5. **TERMINATION.** The following sentence is added to the end of Section 15A of the Franchise Agreement:

You also may terminate this Agreement on any grounds available by law under the provisions of Article 33 of the General Business Law of the State of New York.

[SIGNATURE PAGE TO FOLLOW]

**IN WITNESS WHEREOF**, the parties have executed and delivered this Rider to be effective as of the effective date of the Franchise Agreement.

**TPP FRANCHISING LLC,**  
a Delaware limited liability company

Sign: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**FRANCHISEE**

**(IF YOU ARE A CORPORATION,  
LIMITED LIABILITY COMPANY, OR  
PARTNERSHIP):**

\_\_\_\_\_  
Entity Name

\_\_\_\_\_  
Signature

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

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

**DATED:** \_\_\_\_\_

**FRANCHISEE**

**(IF YOU ARE AN INDIVIDUAL AND NOT  
AN ENTITY):**

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Print Name

**DATED:** \_\_\_\_\_

**RIDER TO THE TPP FRANCHISING LLC  
FRANCHISE AGREEMENT  
FOR USE IN NORTH DAKOTA**

**THIS RIDER** is made and entered into by and between **TPP FRANCHISING LLC**, a Delaware limited liability company with its principal business address at 12222 Merit Drive, Suite 1300, Dallas, Texas 75251 (“**we**” or “**us**”), and \_\_\_\_\_, whose principal business address is \_\_\_\_\_ (“**you**” or “**your**”).

1. **BACKGROUND.** We and you are parties to that certain Franchise Agreement dated \_\_\_\_\_, 20\_\_\_\_ (the “**Franchise Agreement**”) that has been signed concurrently with the signing of this Rider. This Rider is annexed to and forms part of the Franchise Agreement. This Rider is being signed because (a) an offer to sell is made in the State of North Dakota; or (b) an offer to buy is accepted in the State of North Dakota; or (c) if you are domiciled in the State of North Dakota, the Club that you develop under your Franchise Agreement is or will be operated in the State of North Dakota.

2. **RELEASES.** The following is added to the end of Sections 13B, 13C(3), 14A(5) and 16E of the Franchise Agreement:

Any release required as a condition of renewal and/or assignment/transfer will not apply to the extent prohibited by the North Dakota Franchise Investment Law.

3. **COVENANT NOT TO COMPETE.** The following is added to the end of Section 16F of the Franchise Agreement:

Covenants not to compete such as those mentioned above are generally considered unenforceable in the State of North Dakota; however, we will enforce the covenants to the maximum extent the law allows.

4. **LOST REVENUE DAMAGES.** The following language is added to the end of Section 16C of the Franchise Agreement:

We and you acknowledge that certain parts of this provision might not be enforceable under the North Dakota Franchise Investment Law. However, we and you agree to enforce the provision to the extent the law allows.

5. **ARBITRATION.** The following language is added to the end of Section 18B of the Franchise Agreement:

Notwithstanding the foregoing, to the extent required by the North Dakota Franchise Investment Law (unless such a requirement is preempted by the Federal Arbitration Act), arbitration shall be held at a site to which we and you mutually agree.

6. **CONSENT TO JURISDICTION.** The following is added to the end of Section 18C of the Franchise Agreement:

Notwithstanding the foregoing, to the extent required by the North Dakota Franchise Investment Law, you may bring an action in North Dakota for claims arising under the North Dakota Franchise Investment Law.

7. **GOVERNING LAW.** The second sentence of Section 18D of the Franchise Agreement is deleted in its entirety and replaced with the following language:

Except to the extent governed by the Federal Arbitration Act, the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. Sections 1051 et seq.), or other federal law, and except as otherwise required by North Dakota law, this Agreement, the franchise, and all claims arising from the relationship between us and you will be governed by the laws of the State of Delaware, without regard to its conflict of laws rules, except that any state law regulating the sale of franchises or governing the relationship of a franchisor and its franchisee will not apply unless its jurisdictional requirements are met independently without reference to this section.

8. **WAIVER OF PUNITIVE DAMAGES AND JURY TRIAL.** To the extent required by the North Dakota Franchise Investment Law, Section 18G of the Franchise Agreement is deleted.

9. **LIMITATIONS OF CLAIMS AND CLASS ACTION BAR.** The following is added to the end of the first paragraph Section 18J of the Franchise Agreement:

The statutes of limitations under North Dakota Law applies with respect to claims arising under the North Dakota Franchise Investment Law.

*[SIGNATURE PAGE TO FOLLOW]*

**IN WITNESS WHEREOF**, the parties have executed and delivered this Rider to be effective as of the effective date of the Franchise Agreement.

**TPP FRANCHISING LLC,**  
a Delaware limited liability company

Sign: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**FRANCHISEE**

**(IF YOU ARE A CORPORATION,  
LIMITED LIABILITY COMPANY, OR  
PARTNERSHIP):**

\_\_\_\_\_  
Entity Name

\_\_\_\_\_  
Signature

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

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

**DATED:** \_\_\_\_\_

**FRANCHISEE**

**(IF YOU ARE AN INDIVIDUAL AND NOT  
AN ENTITY):**

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Print Name

**DATED:** \_\_\_\_\_

**RIDER TO THE TPP FRANCHISING LLC  
FRANCHISE AGREEMENT  
FOR USE IN RHODE ISLAND**

**THIS RIDER** is made and entered into by and between **TPP FRANCHISING LLC**, a Delaware limited liability company with its principal business address at 12222 Merit Drive, Suite 1300, Dallas, Texas 75251 (“**we**” or “**us**”), and \_\_\_\_\_, whose principal business address is \_\_\_\_\_ (“**you**” or “**your**”).

1. **BACKGROUND.** We and you are parties to that certain Franchise Agreement dated \_\_\_\_\_, 20\_\_\_\_ (the “**Franchise Agreement**”) that has been signed concurrently with the signing of this Rider. This Rider is annexed to and forms part of the Franchise Agreement. This Rider is being signed because (a) an offer to sell is made or accepted in the State of Rhode Island, or (b) an offer to buy is accepted in the State of Rhode Island, or (c) you are a resident of the State of Rhode Island and the Club that you develop under your Franchise Agreement is or will be operated in the State of Rhode Island.

2. **CONSENT TO JURISDICTION.** The following is added at the end of Section 18C of the Franchise Agreement:

Section 19-28.1-14 of the Rhode Island Franchise Investment Act provides that “To the extent required by applicable law, Rhode Island law will apply to claims arising under the Rhode Island Franchise Investment Act.”

3. **GOVERNING LAW.** The following is added at the end of Section 18D of the Franchise Agreement:

Section 19-28.1-14 of the Rhode Island Franchise Investment Act provides that “A provision in a franchise agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this Act.”

*[SIGNATURE PAGE TO FOLLOW]*



**IN WITNESS WHEREOF**, the parties have executed and delivered this Rider to be effective as of the effective date of the Franchise Agreement.

**TPP FRANCHISING LLC,**  
a Delaware limited liability company

Sign: \_\_\_\_\_

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

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

**FRANCHISEE**

**(IF YOU ARE A CORPORATION,  
LIMITED LIABILITY COMPANY, OR  
PARTNERSHIP):**

\_\_\_\_\_  
Entity Name

\_\_\_\_\_  
Signature

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

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

**DATED:** \_\_\_\_\_

**FRANCHISEE**

**(IF YOU ARE AN INDIVIDUAL AND NOT  
AN ENTITY):**

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Print Name

**DATED:** \_\_\_\_\_

**RIDER TO THE TPP FRANCHISING LLC  
TO THE FRANCHISE AGREEMENT, REPRESENTATIONS STATEMENT,  
AND RELATED AGREEMENTS  
FOR USE IN WASHINGTON**

**THIS RIDER** is made and entered into by and between **TPP FRANCHISING LLC**, a Delaware limited liability company with its principal business address at 12222 Merit Drive, Suite 1300, Dallas, Texas 75251 (“**we**” or “**us**”), and \_\_\_\_\_, whose principal business address is \_\_\_\_\_ (“**you**” or “**your**”).

1. **BACKGROUND.** We and you are parties to that certain Franchise Agreement dated \_\_\_\_\_, 20\_\_ (the “**Franchise Agreement**”) that has been signed concurrently with the signing of this Rider. This Rider is annexed to and forms part of the Franchise Agreement. This Rider is being signed because (a) the offer is directed into the State of Washington and is received where it is directed; or (b) you are a resident of the State of Washington; or (d) the Club that you develop under your Franchise Agreement is or will be located or operated, wholly or partly, in the State of Washington.

2. **WASHINGTON LAW.** The following paragraphs are added to the end of the Franchise Agreement:

In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW will prevail.

RCW 19.100.180 may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.

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

The Securities Division of the State of Washington Department of Financial Institutions requires the following language:

A release or waiver of rights executed by a franchisee may not include rights under the Washington Franchise Investment Protection Act or any rule or order thereunder except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.

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

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

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

3. **SITE SELECTION**. The following language is deleted from Section 2A of the Franchise Agreement:

If we provide you any information regarding a site for the Premises, such information is not a representation or warrant of any kind (express, implied, or collateral) of the site's suitability for a Club or any other purpose. Our acceptance of your proposed site is not intended to be relied on by you as an indicator of likely success, but that we believe the site meets our then acceptable criteria, which we have established for our own purposes.

4. **LEASE OF THE SITE**. The following language is deleted from Section 2B of the Franchise Agreement:

If we provide you any information regarding a site for a Club, such information is not a representation or warrant of any kind (express, implied or collateral) of the site's suitability for a Club or any other purpose. Our approval of your proposed site is not intended to be relied on by you as an indicator of likely success, but that we believe the site meets our then acceptable criteria, which we have established for our own purposes.

*[SIGNATURE PAGE TO FOLLOW]*

**IN WITNESS WHEREOF**, the parties have executed and delivered this Rider to be effective as of the effective date of the Franchise Agreement.

**TPP FRANCHISING LLC,**  
a Delaware limited liability company

Sign: \_\_\_\_\_

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

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

**FRANCHISEE**

**(IF YOU ARE A CORPORATION,  
LIMITED LIABILITY COMPANY, OR  
PARTNERSHIP):**

\_\_\_\_\_  
Entity Name

\_\_\_\_\_  
Signature

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

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

**DATED:** \_\_\_\_\_

**FRANCHISEE**

**(IF YOU ARE AN INDIVIDUAL AND NOT  
AN ENTITY):**

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Print Name

**DATED:** \_\_\_\_\_

**NEW YORK REPRESENTATIONS PAGE**

**FRANCHISOR REPRESENTS THAT THIS FRANCHISE DISCLOSURE DOCUMENT DOES NOT KNOWINGLY OMIT ANY MATERIAL FACT OR CONTAIN ANY UNTRUE STATEMENT OF A MATERIAL FACT.**

### **State Effective Dates**

The following states have franchise laws that require that the Franchise Disclosure Document be registered or filed with the state, or be exempt from registration: California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, and Wisconsin.

This document is effective and may be used in the following states, where the document is filed, registered or exempt from registration, as of the Effective Date stated below:

<b>State</b>	<b>Effective Date</b>
California	Pending
Hawaii	Pending
Illinois	Pending
Indiana	Pending
Maryland	Pending
Michigan	Pending
Minnesota	Pending
New York	Pending
North Dakota	Pending
Rhode Island	Pending
South Dakota	Pending
Virginia	Pending
Washington	Pending
Wisconsin	April 29, 2024

Other states may require registration, filing, or exemption of a franchise under other laws, such as those that regulate the offer and sale of business opportunities or seller-assisted marketing plans.

**EXHIBIT I**

**RECEIPTS**

**ITEM 23  
RECEIPT**

This Disclosure Document summarizes certain provisions of the Area Development Agreement and Franchise Agreement and other information in plain language. Read this Disclosure Document and all agreements carefully.

If TPP Franchising, LLC offers you a franchise, it must provide this Disclosure Document to you 14 calendar-days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale. Under Iowa law, TPP Franchising, LLC must give you this Disclosure Document at the earlier of the 1st personal meeting or 14 calendar days before you sign an agreement with, or make a payment to, franchisor or an affiliate in connection with the proposed franchise sale. Under Michigan law, TPP Franchising, LLC must provide this Disclosure Document at least 10 business days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale. Under New York law, TPP Franchising, LLC must provide this Disclosure Document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

If TPP Franchising LLC does not deliver this Disclosure Document on time or if it contains a false or misleading statement, or a material omission, a violation of federal and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the appropriate state agency identified on Exhibit A.

**Issuance date: April 29, 2024**

The Franchisor is TPP Franchising, LLC, located at 12222 Merit Drive, Suite 1300, Dallas, Texas 75251. Its telephone number is (866) 414-0616. The franchise seller who offered you a The Pickle Pad franchise is:

Mike Rotondo  
TPP Franchising LLC  
12222 Merit Drive,  
Suite 1300, Dallas, Texas 75251  
(866) 414-0616

Rob Morris  
TPP Franchising LLC  
12222 Merit Drive,  
Suite 1300, Dallas, Texas 75251  
(866) 414-0616

\_\_\_\_\_  
TPP Franchising LLC  
12222 Merit Drive,  
Suite 1300, Dallas, Texas 75251  
(866) 414-0616

TPP Franchising LLC authorizes the respective state agencies identified on Exhibit A to receive service of process for it in the particular state.

I received a disclosure document dated April 29, 2024 that included the following Exhibits:

- |                                                                |                                       |
|----------------------------------------------------------------|---------------------------------------|
| Exhibit A - State Administrators/Agents for Service of Process | Exhibit D - List of Franchisees       |
| Exhibit B-1 - Franchise Agreement                              | Exhibit E - Financial Statements      |
| Exhibit B-2 - Area Development Agreement                       | Exhibit F - Representations Statement |
| Exhibit B-3 - Consent to Transfer                              | Exhibit G - Sample General Release    |
| Exhibit C - Table of Contents to Operations Manual             | Exhibit H - State Riders and Addenda  |
|                                                                | Exhibit I - Receipts                  |

**PROSPECTIVE FRANCHISEE:**

If a business entity:

\_\_\_\_\_

Name of Business Entity

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

Its: \_\_\_\_\_

(Print Name): \_\_\_\_\_

Dated: \_\_\_\_\_

If an individual:

\_\_\_\_\_

(Print Name): \_\_\_\_\_

Dated: \_\_\_\_\_

Please sign this copy of the receipt, print the date on which you received this Disclosure Document, and return it, by mail or e-mail, to Robert Morris, TTP Franchising LLC, 12222 Merit Drive, Suite 1300, Dallas, Texas 75251; robert.morris@thepicklepad.com



**ITEM 23  
RECEIPT**

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**Issuance date: April 29, 2024**

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Mike Rotondo  
TPP Franchising LLC  
12222 Merit Drive,  
Suite 1300, Dallas, Texas 75251  
(866) 414-0616

Rob Morris  
TPP Franchising LLC  
12222 Merit Drive,  
Suite 1300, Dallas, Texas 75251  
(866) 414-0616

\_\_\_\_\_  
TPP Franchising LLC  
12222 Merit Drive,  
Suite 1300, Dallas, Texas 75251  
(866) 414-0616

TPP Franchising LLC authorizes the respective state agencies identified on Exhibit A to receive service of process for it in the particular state.

I received a disclosure document dated April 29, 2024 that included the following Exhibits:

- |                                                                |                                       |
|----------------------------------------------------------------|---------------------------------------|
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| Exhibit C - Table of Contents to Operations Manual             | Exhibit H - State Riders and Addenda  |
|                                                                | Exhibit I - Receipts                  |

**PROSPECTIVE FRANCHISEE:**

If a business entity:

If an individual:

\_\_\_\_\_  
Name of Business Entity

\_\_\_\_\_  
(Print Name): \_\_\_\_\_

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

Dated: \_\_\_\_\_

Its: \_\_\_\_\_  
(Print Name): \_\_\_\_\_

Dated: \_\_\_\_\_

You may keep this copy of the receipt for your own records.