

## FRANCHISE DISCLOSURE DOCUMENT

Social Indoor Franchising, LLC  
A Minnesota Limited Liability Company  
5929 Baker Rd Suite 480, Minnetonka, MN 55345  
www.socialindoor.com

The franchise offered is for the operation of a SOCIAL INDOOR® business within a particular geographic territory (the “Designated Territory”). The business will include sales and maintenance of indoor print and digital advertising services. \$54,050 - \$140,700

The total initial investment necessary to begin operation of your first SOCIAL INDOOR business is from \$54,050 - \$140,700. This includes \$40,000 – 85,000 that must be paid to us or our affiliates. The total initial investment range for an additional SOCIAL INDOOR business is from \$35,500 - \$135,200. This includes \$35,000 to \$80,000 that must be paid to us or our affiliates.

This Disclosure Document summarizes certain provisions of your Franchise Agreement and other information in plain English. Read this Disclosure Document and all accompanying agreements carefully. You must receive this Disclosure Document at least 14 calendar days before you sign a binding agreement with, or make any payment to, us 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 Justin Tolle at 5929 Baker Rd Suite 480, Minnetonka, MN 55345. [justin.tolle@socialindoor.com](mailto:justin.tolle@socialindoor.com); 952-800-1909

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

Buying a franchise is a complex investment. The information in this Disclosure Document can help you make up your mind. More information on franchising, such as “A Consumer’s Guide to Buying a Franchise,” which can help you understand how to use this Disclosure Document is available from the Federal Trade Commission. You can contact the FTC at 1-877-FTC-HELP or by writing to the FTC at 600 Pennsylvania Avenue NW, Washington, DC 20580. You can also visit the FTC’s home page at [www.ftc.gov](http://www.ftc.gov) for additional information on franchising. 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.

## STATE COVER PAGE

### How to Use This Franchise Disclosure Document

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

<b>How Much Can I Earn?</b>	Item 19 may give you information about outlet sales, costs, profits, or losses. You should also try to obtain this information from others, like current and former franchisees. You can find their names and contact information in Item 20 or Exhibit D
<b>How much will I need to invest?</b>	Items 5 and 6 list fees you will be paying to the franchisor or at the franchisor's discretion. 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 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 Social Indoor business in my area?</b>	Item 12 and the "territory" provisions in the franchise agreement describe whether the franchisor and other franchisees can compete with you.
<b>Does the franchisor have a troubled legal history?</b>	Items 3 and 4 tell you whether the franchisor or its management have been involved in material litigation or bankruptcy proceedings
<b>What is like to be a Social Indoor franchisee?</b>	Item 20 or Exhibit D lists current and former franchisees. You can contact them to ask about their experiences
<b>What else should I know?</b>	These questions area 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 table of contents.

### What you need to know about franchising *Generally*

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

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

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

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

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

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

### **Some States Require Registration**

Your state may have a franchise law, or other law, that requires franchisors to register before offering or selling franchises in the state. Registration does not mean that the state recommends the franchise or has verified the information in the document. To find out if your state has a registration requirement, or to contact your state, use the agency information in Exhibit F. Your state may also have laws that require special disclosures or amendments be made to your franchise agreement. If so, you should check the State Specific Addenda. See table of contents for the location of the State Specific Addenda.

### **Special Risk(s) to Consider About This Franchise**

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

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

**Sales Performance Requirement.** You must maintain minimum sales performance levels. Your inability to maintain these levels may result in the loss of your territorial rights you are granted, termination of your franchise, and loss of your investment.

**Minimum Monitor or Print Display Requirement.** You must maintain minimum monitor installation levels as set forth in the Franchise Agreement. Your inability to maintain these levels may result in the loss of your territorial rights, termination of your franchise, and loss of your investment.

**Short Opening.** This Franchisor is at an early stage of development and has a limited operating history. This franchise is likely to be a riskier investment than a franchise in a system with a longer operating history.

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

**ADDENDUM TO  
SOCIAL INDOOR<sup>®</sup>  
DISCLOSURE DOCUMENT AND FRANCHISE AGREEMENT FOR THE  
STATE OF MINNESOTA**

The following information applies to franchisers and franchisees subject to Minnesota statutes and regulations. Item numbers correspond to those in the main body.

Item 5 and 7 and appropriate sections of the franchise agreement. Franchise fee is payable upon signature of Franchise Agreement.

**Item 13**

We will indemnify you against, and reimburse you for, all damages for which you are held liable in any proceeding arising out of your use of any Mark; provided such use is in compliance with the Franchise Agreement. We will also reimburse you for all costs reasonably incurred by you in the defense of any such claim brought against you in any such proceeding in which you are named as a part. You must timely notify us of such claim or proceeding and comply with the Franchise Agreement.

**Item 17**

1. Minnesota law provides you with certain termination and nonrenewal rights. As of the date of this Disclosure Document, Minn. Stat. Sec. 80C.14, Subd. 3, 4 and 5 require, except in certain specified cases, that you be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for nonrenewal of the Franchise Agreement.
2. Minn. Stat. § 80C.21 and Minn. Rule 2860.4400J prohibit us from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring the franchisee to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Franchise Disclosure Document or agreement(s) can abrogate or reduce any of franchisee's rights as provided for in Minnesota Statutes, Chapter 80C, or franchisee's rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.
3. In the event you breach or threaten to breach any of the terms of this Agreement, we will be entitled to seek an injunction restraining such breach and/or to a decree of specific performance, without showing or proving any actual damage, together with recovery of reasonable attorneys' fees and other costs incurred in obtaining said equitable relief, until such time as the arbitrators make a final and binding determination.
4. No release language contained in the Franchise Agreement shall relieve Franchisor or any other person, directly or indirectly, from liability imposed by the laws concerning franchising of the State of Minnesota, provided, that this part will not bar the voluntary settlement of disputes.

YOU: \_\_\_\_\_

YOU: \_\_\_\_\_

By \_\_\_\_\_  
Its \_\_\_\_\_

By \_\_\_\_\_  
Its \_\_\_\_\_

YOU: \_\_\_\_\_

WE: SOCIAL INDOOR FRANCHISING,  
LLC

By \_\_\_\_\_  
Its \_\_\_\_\_

By \_\_\_\_\_  
Its \_\_\_\_\_

**TABLE OF CONTENTS**

<u>Item</u>	<u>Page</u>
<b>ITEM 1 THE FRANCHISOR, AND ANY PARENTS, PREDECESSORS, AFFILIATES.....</b>	<b>8</b>
<b>ITEM 2 BUSINESS EXPERIENCE .....</b>	<b>9</b>
<b>ITEM 3 LITIGATION.....</b>	<b>10</b>
<b>ITEM 4 BANKRUPTCY.....</b>	<b>10</b>
<b>ITEM 5 INITIAL FEES.....</b>	<b>10</b>
<b>ITEM 6 OTHER FEES .....</b>	<b>12</b>
<b>ITEM 7 ESTIMATED INITIAL INVESTMENT .....</b>	<b>15</b>
<b>ITEM 8 RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES .....</b>	<b>17</b>
<b>ITEM 9 FRANCHISEE’S OBLIGATIONS.....</b>	<b>20</b>
<b>ITEM 10 FINANCING.....</b>	<b>21</b>
<b>ITEM 11 FRANCHISOR’S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS AND TRAINING.....</b>	<b>21</b>
<b>ITEM 12 TERRITORY .....</b>	<b>26</b>
<b>ITEM 13 TRADEMARKS .....</b>	<b>28</b>
<b>ITEM 14 PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION.....</b>	<b>29</b>
<b>ITEM 15 OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISED BUSINESS .....</b>	<b>29</b>
<b>ITEM 16 RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL .....</b>	<b>29</b>
<b>ITEM 17 RENEWAL, TERMINATION, TRANSFER, DISPUTE RESOLUTION .....</b>	<b>30</b>
<b>ITEM 18 PUBLIC FIGURES .....</b>	<b>32</b>
<b>ITEM 19 FINANCIAL PERFORMANCE REPRESENTATIONS .....</b>	<b>33</b>
<b>ITEM 20 OUTLETS AND FRANCHISEE INFORMATION .....</b>	<b>33</b>
<b>ITEM 21 FINANCIAL STATEMENTS.....</b>	<b>37</b>
<b>ITEM 22 CONTRACTS.....</b>	<b>37</b>
<b>ITEM 23 RECEIPTS.....</b>	<b>124</b>

**EXHIBITS**

- A. State Agencies and Agents for Service of Process
- B. Franchise Agreement with Appendices
- C. Addenda to the Franchise Agreement
- D. List of Franchisees
- E. Financial Statements
- F. State Addenda
- G. Manuals Pages
- H. State Effective Dates
- I. Receipts

## Item 1

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

To simplify the language in this Disclosure Document, “the Company”, “we,” “us” or “our” means Social Indoor Franchising LLC, the franchisor. “You” or “your” means the person or entity who buys the franchise and your spouse and may include a corporation or partnership. If a corporation or partnership is the franchisee, “you” will also include the franchisee’s owners.

#### The Franchisor:

We are a Minnesota limited liability company that was originally incorporated in the State of Minnesota on July 26<sup>th</sup>, 2019. Our principal business address is 5929 Baker Road, Suite 480, Minnetonka, MN. 55345; telephone: (952) 206-1917; website: www.socialindoor.com. We operate the business under the name “Social Indoor Franchising, LLC <sup>TM</sup>”. We currently operate a business similar to the franchise offering in Minneapolis / St. Paul, MN under the name Social Indoor. We do not do business under any other name.

#### Agents for Service of Process:

Our agents for service of process are disclosed in Exhibit A

#### Parents, Predecessors and Affiliates:

Social Indoor, LLC is the parent of Social Indoor Franchising, LLC. Social Indoor, LLC was also the predecessor for 1 day as the original transaction below from AllOver Media was completed on the 19<sup>th</sup> of August 2019 and transferred the same day to Social Indoor Franchising, LLC, but filed the next business day, August 20<sup>th</sup>, 2019.

AllOver Media Franchising, LLC is a predecessor that has been in a similar franchise business since 2002 operating under the trade name AllOver Media®. Their corporate offices are located at 16355 36th Ave N #700, Minneapolis, MN 55446. They have not been engaged in any other franchise offering. We acquired their franchise business on August 20<sup>th</sup> of 2019.

AllOver Media LLC, formed in 2002, is one of our National Sales account representatives for National Sales into our venues. They sell Advertising into Social Indoor venues following Appendix “C” revenue minimums and rules. They are only responsible for National Sales.

#### The Franchise:

We grant franchises to qualified persons for the right to own and operate an Social Indoor Franchise business (the “Business”) within a particular geographic territory (the “Designated Territory”) and under the terms of our standard Franchise Agreement, a copy of which is included in this Disclosure Document as Exhibit B. Social Indoor franchises are advertising service businesses that provide indoor print advertising services and indoor digital advertising services as further described in Item 16. You will place your indoor advertisements in businesses such as restaurants, bars, and in other public facilities, (as described further below) under the name Social Indoor.



We are in the business of the administration of our franchise system. We currently operate corporate locations in the Minneapolis / St. Paul, Minnesota, Greenville, NC DMA, Madison, WI., and Raleigh, N.C. DMA's. We have granted **Social Indoor** franchises since August 31<sup>st</sup>, 2019.

During the operation of your Business, you will use our Trademarks, as well as our distinctive products and services, supplies, sales and business techniques, and display board maintenance methods and procedures. Your Business will include sales and maintenance of indoor print and indoor digital advertising as authorized for your Designated Territory. As a franchisee, you will focus on the: (1) acquisition of indoor print and indoor digital display board lease sites in restaurants, bars, health clubs, and other venues as outlined in our Manuals (collectively the "Venues"); and (2) sale of indoor advertising space to other businesses. You may or may not need to hire sales personnel or additional employees. Also, you may or may not employ or subcontract the display board maintenance services. Each Social Indoor franchised business is an independently owned and operated business and you, as the franchisee, are solely responsible for its day-to-day conduct and activities.

You must comply generally with all local, state, and federal laws in the operation of your Business. There also may be laws or ordinances that regulate certain product offerings in your Designated Territory. We urge you to make further inquiries about all of these laws that may be applicable to your Business in your state. It is your responsibility to make sure that you understand how these laws may impact your Business.

You will solicit and sell indoor advertising production and placement services from your Business to other businesses of all types. You, however, will place your indoor advertisements in businesses and other facilities, hereinafter referred to as "**Venues**". The locations in which you place indoor ads, include but not limited to, sports bars, family restaurants, nightclubs, health clubs, theaters, apartment buildings, tanning salons, gas stations, convenience stores, and arenas. Note: Ads are only allowed indoors, not for exterior displays. Sales will depend, in part, on the demand for these services and your willingness and ability to effectively use the Social Indoor system. You will compete with other businesses performing similar advertising services, including other regional and national franchise systems, independent businesses, and national, regional, and local non-franchised companies. You also will compete with various other advertising mediums.

## **Item 2**

### **BUSINESS EXPERIENCE**

#### **CEO and Founder: Anthony (Tony) S. Jacobson**

September 2018 – present, Tony has been our CEO. Since 2017 to present, Tony had been the AllOver Media Franchisee in Dallas, TX. From April 2002 to May 2017, Mr. Jacobson served as founder and CEO of AllOver Media, LLC.

#### **SVP of Sales and Programmatic: Charlie Latterell**

October 2021 – present, SVP of Sales and Programmatic. September 2018 to October 2021, , Charlie was acting Market Development Manager for Social Indoor. Since April 2017, Charlie had been the Sr. Market Manager for the AllOver Media franchise business in Dallas, Texas. From August 2013 – April 2017, Charlie was Sr. Market Manager for AllOver Media, LLC.

VP of Franchise Development: Justin Tolle

May 2022 to present, Justin is acting VP of Franchise Development. From April 2017 – May 2022, Justin served as President of Snipers Edge Hockey. Prior to that Justin served as VP Operations and Product Development of Eyesafe from 2015 – 2017. Prior to that he served as Franchise Development manager for AllOver Media and Venue Director from 2007 – 2015 in the OOH Advertising Industry.

Franchise Development Manager: Beau Jacobson

July 2021 – Present, Beau is our Franchise Development Manager. Feb 2017 – July 2021, Beau was the General Manager for the Dallas-Fort Worth market. 2015-2017 Beau served as Director of Indoor Media. 2014-2015 as Local Indoor Director. 2012-2013 Franchise Director. From 2010 – Present Beau has been the franchise owner for a AllOver Media and then converted to Social Indoor franchise in Charlotte, North Carolina.

**Item 3**

**LITIGATION**

No litigation is required to be disclosed in this Item.

**Item 4**

**BANKRUPTCY**

No bankruptcy is required to be disclosed in this Item.

**Item 5**

**INITIAL FEES**

Initial Franchise Fee:

Your Initial Franchise Fee for your Social Indoor Business will be a base of \$40,000 plus a territory population fee in accordance with the schedule at the end of this Item 5. The territory will be formulated using zip code mapping and the population fee will be calculated by most current U.S. census data by zip code as it overlays your territory. In connection with paying the Initial Franchise Fee, we will provide you with training (as described further in Item 11) and a Digital Starter Kit which includes some of the supplies and materials you will need to operate your Business. The Initial Franchise Fee must be paid at the time you sign the Franchise Agreement. The Initial Franchise Fee is nonrefundable.

If this is your second or subsequent Social Indoor franchise, your Initial Franchise Fee will be \$35,000 plus a population fee in accordance with the schedule at the end of this item 5. In connection with paying the Initial Franchise Fee we will provide you with a Starter Kit. If you, your general manager and/or sales manager wish to attend our initial training program, you will be required to pay us a training fee as outlined below.

## Franchise fee schedule 2022-2023

Population Based using most current (2019 - 2021) US census data and Zip Code mapping using online tool.

Franchise fee begins at \$40,000 and increases \$1,000 for every 10,000 in population added.

### Sample Chart

Initial Franchise Market	Additional Franchise Market	Population	
\$40,000	\$35,000	up to 150,000	<b>Entry Level Franchise</b>
\$45,000	\$40,000	200,000	
\$50,000	\$45,000	250,000	
\$55,000	\$50,000	300,000	
\$65,000	\$60,000	400,000	
\$75,000	\$70,000	500,000	
\$85,000	\$80,000	600,000	

### Training Fee:

We require a \$2,500 Training Fee to startup your initial franchise. For a subsequent franchise, you have the option to choose to pay \$500 per person that attends training in Lieu of the \$2,500 requirement for up to 3 outlined above under “Training fee”. Field visit is optional as well for subsequent franchise. If requested, actual travel and lodging costs would apply.

Initial franchise training will be held at Social Indoor Headquarters in Minnetonka, MN. You may bring up to 3 people, for 2 days at our home office to participate in the training. You are required to pay for all travel costs associated with this visit.

Following the initial training at HQ, you will also have one (1) field visit with (1) venue specialist from Social Indoor. Social Indoor will pay for all expenses of the field visit as it relates to flights, hotels and rental cars and meals for the Social Indoor employee. You are responsible for paying the salaries, travel expenses, lodging, and all other expenses for you and all employees you send to training.

Additional new-hire training is available by request for an additional fee. \$350 for virtual training, \$500 for in-person not including any training-related travel expenses. Subsequent corporate field visits are also available by request. Franchisee must pay \$500 for in-person visit as well as any actual travel expenses for the Social Indoor employee including flights, hotels, rental cars.

**Item 6**

**OTHER FEES**

<b>Type of Fee (1)</b>	<b>Amount</b>	<b>Due Date (2)</b>	<b>Remarks</b>
Royalty Fee	6% of cash sales 3% of trade sales	Monthly	
Monitor Management Fee	\$35 per monitor per month	Monthly	see note 2
Technology Fee	Currently \$400 per month	Monthly	For SIMON Software and Ad library. Begins first calendar month immediately after market creation by SI.
Cross Sales Fee (4)	Varies	Monthly	Sales between franchisee markets. Appendix C to the Franchise Agreement.
National Account Sales Fee (5)	Varies	Monthly	The percentage of fees you pay or that are paid to you vary depending on who places the ad, as detailed in Appendix C to the Franchise Agreement.
Marketing Fund	1% of gross sales	When Applicable	Social Indoor reserves the right to institute an advertising and branding fund to be used to elevate the Social Indoor Brand once we are established in 50+ markets Nationally
Audit Fees	The expenses we incur to audit your records, and all royalties due if found reported short.	Immediately upon receipt of bill	You pay for cost of audit only if it shows an understatement of gross sales by more than 5%.
Supplier Review Fees	Social Indoors out of pocket cost	Upon your request that Social Indoor approve vendor	You must make a written request for approval.
Transfer / Re-sale Fee	\$7,500, plus any broker or referral fees we incur in helping you sell your business	At time of transfer	Fee includes all legal paperwork to transfer as well as Social Indoor walking new buyer through Franchise opportunity and ultimately approving candidate. Fee may be negotiated between seller and buyer.

Type of Fee (1)	Amount	Due Date (2)	Remarks
Interest Charges	The lesser of 18% per annum or the maximum legal rate allowable by applicable law	As incurred	
Convention Registration Fees and Expenses	The then-current registration fees for you and any approved manager that attends the convention but not to exceed \$1,000 per attending participant.	As incurred	We currently do not collect this fee but reserve the right to do so in the future. You also must pay for the salaries, food, lodging and other expenses for you and those attending with you.
Renewal Fee	\$2,500	Every 10 years	Must be in good standing and meet performance standards. Must sign then current franchise agreement.
New Market Training Fee	\$2,500	As incurred	For initial training and field visit
In-market coaching	Actual costs	as incurred	Invoice will be generated once franchisee requests, length of time and travel costs are estimated, and franchisee approves

Notes:

1. You must pay each of these fees to us unless otherwise noted. All fees are nonrefundable. Fees are estimates only and maybe be subject to inflation and other cost increases.
2. Monitor management fee is currently \$35 per month per monitor for digital monitors shipped to franchisee or their market. There is a 180 day “grace” period beginning on the date of shipment of the initial 36 monitors (1 pallet) ordered prior to the monthly fee beginning. After the first 36 monitors, there is a 60 day “grace” period on subsequent monitors. Social Indoor compensates local franchisee or their agent for installing a limited number of monitors and replaces defective components of supplied digital monitors under this agreement. See Monitor Agreement attached as Exhibit “F” to the Franchise Agreement for full terms and conditions.
3. We may implement a Marketing Fund the following calendar year on January 1st after Social Indoor has 10 or more “venues” in 50 or more markets. Social Indoor reserves the sole right to place these funds where they see fit for the benefit of the Social Indoor brand. Amount of marketing paid per individual franchisee per market will not exceed \$10,000 in any calendar year. See Item 11 for more information on marketing.
4. “Cash sales” definition for royalty purposes are any sales of advertising that the client pays for in cash or any sales of advertising other than “trade” for goods and services”. “Trade” definition for royalty purposes is the trading of advertising space for a good or a service. Any “trade” that is done for marketing purposes I.E. Social Indoor signage, business cards, stationary or other marketing or promotion of the Social Indoor brand shall not be subject to any royalty payment to Social Indoor. If there is any question as to the category for royalty purpose, Social Indoor shall

have ultimate discretion. Any Franchisee dealing with any “trade” transaction must abide by any local, state, or national laws in reporting of any tax implications that such a transaction warrant.

5. You must authorize your bank to directly deposit your royalty fees quarterly, and any other amounts due to us into our bank account from your bank account, on a monthly basis. You must also provide us with all documents necessary to direct your bank to honor these pre-authorized bank debits.
6. Gross sales include straight cash, credit or debit (all monetary) sales, trade value, excluding leasing venue in-house “free ads” or leasing venue approved cross-venue “free-ads”
7. “Cross Sales” means the sale of an indoor ad placement that originates from a client located inside your Designated Territory (the “Originating Franchisee”) but is placed in a Venue located in another Social Indoor franchisee’s (the “Receiving Franchisee”) designated territory.
8. “National Account Sales” means (i) the sale of an Indoor Print, Indoor Digital Advertisement, and other “Bar Media” elements as requested by us or our affiliate to a client or account that is located outside of your Designated Territory or that is sold to a client or account located inside of your Designated Territory that is identified on the “National Sales List” (as defined in Item 16) and is placed inside or outside of your Designated Territory; or (ii) a sale of an Indoor Print or Indoor Digital Advertisement by you, that is not a Cross Sale, to a client or account that is located inside your Designated Territory that is placed outside of your Designated Territory in a territory that we operate either as a developed or undeveloped territory. For the purposes of this Agreement the term “Bar Media” shall include but not be limited to stand-alone media, coasters, napkins, glass and table wear, table tents, mirror and window clings and any other printed or digital advertising materials to be used inside the Venue.
9. All fees are uniformly imposed.

**Item 7**

**ESTIMATED INITIAL INVESTMENT**

**YOUR ESTIMATED INITIAL INVESTMENT**

First Social Indoor Franchise:

<b>Type of Expenditure</b>	<b>Amount (1)</b>	<b>Method of Payment (2)</b>	<b>When Due</b>	<b>To Whom Payment is to be Made</b>
Initial Franchise Fee (1)	\$40,000 - \$85,000	Lump Sum	On signing the Franchise Agreement	Us
Travel and Living Expenses for You During Training	\$800- \$2,200	As Agreed	As Incurred	Transportation Providers, Hotels & Restaurants
Office Supplies	\$250 - \$1,100	As Agreed	As Incurred	Suppliers
Furniture, Fixtures and Equipment, supplies (2,3)	\$0 - \$4,400	Lump Sum	Before Start	Suppliers
Training fee (7)	\$2,500	Lump Sum	Before training	Us
Technology	\$0 - \$3,300	As Agreed	As Incurred	Suppliers
Business Location Lease Payments – 6 Months (4)	\$0	Not Applicable	Not Applicable	Landlord
Insurance	\$500 - \$2,200	As Agreed	As Incurred	Insurance Company
Additional Funds– 6 Months (5)	\$10,000 - \$40,000	As Incurred	As Incurred	Personal, utilities, suppliers
<b>TOTAL ESTIMATED INITIAL INVESTMENT (9)</b>	<b>\$54,050 - \$140,700</b>			

## YOUR ESTIMATED INITIAL INVESTMENT

### Additional Social Indoor Franchise:

<b>Type of Expenditure</b>	<b>Amount (1)</b>	<b>Method of Payment (2)</b>	<b>When Due</b>	<b>To Whom Payment is to be Made</b>
Initial Franchise Fee (1)	\$35,000 - \$80,000	Lump Sum	On Signing the Franchise Agreement	Us
Training Fee (7)	\$0 - \$2,000	Lump Sum	Prior to Attending Training	Us
Travel and Living Expenses for You During Training	\$0 - \$2,200	As Agreed	As Incurred	Transportation Providers, Hotels & Restaurants
Office Supplies	\$0 - \$1,100	As Agreed	As Incurred	Suppliers
Furniture, Fixtures and Equipment, supplies (2,3)	\$0 - \$4,400	Lump Sum	As Incurred	Suppliers
Technology	\$0 - \$3,300	As Agreed	As Incurred	Suppliers
Insurance	\$500 - \$2,200	As Agreed	As Incurred	Insurance Company
Additional Funds – 6 Months (6)	\$0 - \$40,000	As Incurred	As Incurred	Us, Suppliers and Utilities
<b>TOTAL ESTIMATED INITIAL INVESTMENT (9)</b>	<b>\$35,500 - \$135,200</b>			

### Notes:

1. Payments are nonrefundable unless otherwise noted. Franchise fee escalates as size of territory increases.
2. This estimate does not include any estimate for signage, as your Business likely will be operated out of your home, and we will not require any signage.
3. The estimate does not include any salaries or paid employees. If you decide to hire an employee, this cost would be in addition to your initial investment as outlined above.
4. You are required to purchase digital boards and print frames from us or an Approved Supplier.
5. You may operate your Business out of your home. You are not required to purchase or lease any real estate or office space for your Business. You are encouraged to live within your designated territory, but not required.
6. This total is based upon our estimate of average costs and market conditions prevailing as of the date of this Disclosure Document and our 30 years of experience in advertising. You are cautioned to allow for inflation, discretionary expenditures, fluctuating interest rates, other costs of financing, and local market conditions. These factors can be highly variable and can result in



substantial, rapid, and unpredictable increases in costs. Your costs will also depend on factors such as your management skills and experience, your business skills, local economic conditions, the local market for a Social Indoor business, the prevailing wage rate, competition, and the sales level reached during the initial period. You must bear any deviation or escalation in costs from the estimates in this Item 7 or estimates that we give during any phase of the development process.

7. Except as noted below, if you currently own and operate a Social Indoor business, you are not required to attend our initial training. If, however, you hire a general manager and/or sales agent to manage your additional Social Indoor business and this person has not previously completed our initial training program, they must attend and successfully complete our initial training program and you must pay us our then-current training fee. Training includes initial training, ongoing training for first 90 – 120 days, and a venue specialist field visit within 3 weeks of initial training.
8. The lower amount assumes that you will manage the additional Business and will not be paid a salary, and the higher amount assumes that you will have one full-time or part-time employee. This amount will vary depending upon your number of employees, labor rates, minimum wage laws and other economic factors.
9. For the estimated range of costs, we relied on our management’s 30 years of experience in the advertising business in numerous markets throughout the United States. Your costs will vary depending on the number of your venues, the number of your employees, the square footage of your Business Location, management and supervisory skills, economic and market conditions, competition, wage rates, sales levels attained, and other economic factors and will also depend on whether you offer indoor print, indoor digital advertising products, or both. You should review carefully these figures with your business advisor before making any decision to purchase a Social Indoor franchise.
10. The franchisor or affiliate do not offer financing at this time.

## **Item 8**

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

To help assure a uniform image and uniform quality of products and services in all Social Indoor businesses, you must maintain and comply with our quality standards. Although you are not required to purchase or lease real estate from us, if you lease office space for your Business, you must improve and equip the space in accordance with our then current approved design, specifications and standards. You also must use equipment (which includes hardware and software for the computer system), signage, fixtures, furnishings, products, supplies, and advertising and sales promotion materials that meet our specifications and/or standards.

You must sell or use only those products and services that we have approved in writing. The purpose of this requirement is to ensure that franchisees adhere to the uniformity and quality standards associated with Social Indoor businesses. We will periodically provide you with the names of approved vendors or suppliers (“Approved Vendors”) for products, goods, supplies, fixtures and equipment. The Approved Vendor’s products will include advertisement designs, display frames and boards, advertising material, and other materials related to the creation, production and posting of ads.

We ordinarily establish specifications and/or standards for approved vendors and suppliers or approved products based on our experiences, system standards, the marketplace, competition and other

related factors that we deem appropriate. We may modify the standards and specifications for products and services periodically and add or delete from the list of approved vendors and suppliers. Standards may include minimum standards for delivery, performance, warranties, design, appearance and other restrictions. We reserve the right to limit the number of vendors and suppliers. We also reserve the right to designate a primary or single source of supply for certain products. We or an affiliate may be that source, as further described below.

1. **Software:** Social Indoor's SIMON software is the only approved software system to track all advertisements, customers, contracts and venue partners. Franchisee will run reports out of SIMON to enter into their financial accounting software such as Quickbooks, Xero or Zoho or alike. The Software fee includes: Access to our own proprietary SIMON Software which handles all advertising and venue information and deploys creative ads to your digital monitors. In addition, you will receive a Social Indoor email address, file hosting and access to all proprietary materials such as media kits, advertising, venue contracts and much more SI related business materials. CRM, Accounting or Business/Project management software are allowed (i.e., HubSpot, Salesforce, Quickbooks, Asana, Adobe, Microsoft Teams, etc.).
2. **Hardware, Displays:** Social Indoor is the only approved supplier for all hard goods to ensure brand consistency. This includes, but is not limited to: Digital Monitors, Print Frames including all related supplies such as tape, plexi, corrugated, templates and other related supplies.
3. **Printing, Creative Services, Stationary, Social Media, Website:** Franchisee may use Social Indoor for these services, or they may contract with a local supplier for these items. Franchisee must request and obtain written authorization to work with a local supplier and supplier must follow Social Indoor Branding guidelines. Social Indoor Franchise plans to launch a franchisee "micro-site" in which each local owner will have their own mini website. Franchisee's must utilize this website and may not have any other websites managed.

You may make written requests for approval of a specific product of an additional qualified vendor or supplier. Except as noted below, we may grant our approval of the product if doing so will not create an inordinate number of suppliers (usually not more than 2) of the product. In addition, each supplier of a product must meet the following requirements: its product must comply with the applicable specifications and/or standards; the supplier's facilities must be adequate to meet the needs of franchisees; and the supplier and its facilities must be accessible to our periodic evaluation. We may charge the cost of evaluating a proposed new supplier and/or its product of approximately \$50 to \$250 per hour depending on the complexity.

You must initiate the formal approval process to have a specific product of an additional supplier approved. As part of this approval process, we may request that the supplier submit samples of its specific product to us. We then conduct an evaluation of the samples to determine whether the product conforms to the specifications and/or standards. We will notify you and the supplier of our evaluation results by mail usually within 30 days after our receipt of the sample.

As part of the approval process for a specific product, the supplier may be required to sign an applicable supplier agreement. We may revoke our appointment if the supplier is in violation of any of the terms of the applicable supplier agreement or if we determine in our good faith but exclusive judgment that the supplier is not meeting the standards and specifications that we have established for that product or service.

You must license the Social Indoor software from us. The Social Indoor software license agreement is attached as Exhibit E to the Franchise Agreement. The Social Indoor software license will not be available from any other source.

You may be required to purchase certain products and supplies only from us, or our required suppliers as noted in this Item 8. From time to time we, an affiliate or a third-party vendor or supplier may be the only approved supplier for certain products. You will pay the then-current price in effect for all purchases you make from us, our affiliate or any third-party vendor we designate. As of the date of this Disclosure Document, our affiliate Social Indoor is the only approved supplier for our digital monitors and frames. In addition, you must use our affiliates for trademarked items (letterhead, business cards, etc.). Further, you may use only marketing and promotional materials that meet the standards described in Item 11 (see Items 6 and 11 for more information on marketing). We reserve the right to receive rebates or other consideration from suppliers in connection with your purchase of goods, products and services as described in this Item 8. Some of these payments are based on services we provide to the supplier; other payments are calculated on an amount based on products sold to you. We will retain and use these payments as we deem appropriate or as required by the vendor.

Because we supply the Social Indoor software, trademarked items, Digital Monitors, print display boards and backgrounds, and offer vinyl wall graphic products to our franchisees, our officers may own an interest in one of our suppliers (the Franchisor). Other than our officers' ownership in us, as of the date of this Disclosure Document no officer has an ownership interest in any approved supplier other than Social Indoor.

In addition to approved products, you must purchase and maintain in full force and effect, solely at your expense, liability insurance in an aggregate amount designated periodically by us. You shall procure, maintain and provide evidence of: (i) comprehensive general liability insurance for your Business and its operations, including product liability, and personal and advertising injury, with a limit of not less than \$1,000,000 per occurrence and a general aggregate of \$2,000,000, for personal injuries or deaths of persons occurring in or about your Business, or such greater limits as may be required as part of any lease agreement for the Business; (ii) owned, non-owned and hired automobile liability insurance covering you and all your employees with authority to operate a motor vehicle in an amount not less than \$1,000,000 or, with our prior written consent, such lesser amount as may be available at a commercially reasonable rate, but in no event less than any statutory imposed minimum coverage, plus hired car physical damage coverage in an amount of \$50,000; (iii) if owned automobile liability insurance is purchased, the following additional coverages are required, when applicable: owned auto liability, personal injury protection, uninsured & underinsured motorist, drive other car coverage and broadened personal injury protection; (iv) if required by state law, unemployment and worker's compensation insurance with a broad form all-states endorsement coverage sufficient to meet the requirements of the law. Additionally, if you have W-2 employees, you must carry EPLI insurance with a minimum coverage of \$50,000. Also, it is strongly recommended, but not required, that you purchase media liability insurance with a limit of not less than \$1,000,000 if you hire third-party graphic designers and printers for your client's advertising, and purchase all-risk personal property insurance in an amount equal to at least 100% of the replacement costs of the contents and tenant improvements associated with your Business. This particular recommendation to purchase media liability, personal and advertising injury insurance and all-risk personal property insurance is not mandatory and is not required for compliance with the franchise agreement.

We estimate that your purchase of products, supplies, and marketing materials that meet our specifications and standards will represent approximately 10% to 25% or more of the cost to establish the franchise business and 5% to 20% or more of the cost to operate the franchise business on an ongoing basis.

The costs may vary depending on whether you operate your Business out of your home and if you hire employees.

There currently are no purchasing or distribution cooperatives. We may negotiate prices for products for the benefit of the franchise system but not on behalf of individual franchisees. We will try to receive volume discounts for the franchise system. We do not provide material benefits to you based on your purchase of particular products or services or use of particular suppliers; provided, however, that when your franchise is up for renewal or you apply for an additional franchise, among the factors we consider are your compliance with your Franchise Agreement and support of our programs and policies, which would include compliance with the requirements described in this Item 8.

## Item 9

### FRANCHISEE’S OBLIGATIONS

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

	<b>Obligation</b>	<b>Section in Franchise Agreement</b>	<b>Disclosure Document Item</b>
a.	Site selection and	Paragraphs 2, 5A, 5C	Items 1, 7, 11, and 12
b.	Pre-opening purchases/lease	Paragraphs 5A, 6A-C, 8F	Items 5, 7, and 8
c.	Site development and other pre-opening requirements	Paragraphs 2, 5A	Items 7 and 11
d.	Initial and ongoing training	Paragraphs 7B, 7C	Items 6, 7 and 11
e.	Opening	Paragraphs 2, 5A	Items 5 and 11
f.	Fees	Paragraphs 7E, 8A-K, 9A	Items 5, 6 and 7
g.	Compliance with standards and policies/Operating Manual	Paragraphs 5A-B, 6A-O	Items 11 and 16
h.	Trademarks and proprietary information	Paragraphs 3A-E, 4 (iv), 6A-B, 6N, 9B, 12A, 12C	Items 13 and 14
i.	Restrictions on products/services offered	Paragraphs 2, 6A-D	Items 8, 11 and 16
j.	Warranty and customer service requirements	Paragraph 6G	Item 16
k.	Territorial development and sales quotas	Paragraph 2	Item 12
l.	Ongoing product/service purchases	Paragraphs 6A-D	Items 8 and 11

	<b>Obligation</b>	<b>Section in Franchise Agreement</b>	<b>Disclosure Document Item</b>
m.	Maintenance, appearance, and remodeling requirements	Paragraph 5A, 5C	Items 6 and 11
n.	Insurance	Paragraphs 6C, 10B	Items 6, 7 and 8
o.	Advertising	Paragraphs 6N, 9A-C	Items 6, 7 and 11
p.	Indemnification	Paragraph 10B	Not Applicable
q.	Owner's participation/management/staffing	Paragraphs 7A-E	Items 11 and 15
r.	Records/reports	Paragraphs 8H-J	Item 6
s.	Inspections/audits	Paragraphs 6J, 8J	Item 6
t.	Transfer	Paragraphs 11A, 14A-E, 15	Items 6 and 17
u.	Renewal	Paragraph 4	Items 6 and 17
v.	Post-termination obligations	Paragraphs 10C.2, 12A-C	Item 17
w.	Non-competition covenants	Paragraphs 10D, 12C	Item 17
x.	Dispute resolution	Paragraphs 13A-C	Item 17
y.	Other	Not Applicable	Not Applicable

### **Item 10**

#### **FINANCING**

We do not offer any form of financing to franchisees. We may assist you in securing such financing but are not required to do so.

### **Item 11**

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

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

##### **Pre-opening Assistance:**

Before you operate your Business, we will:

1. Grant to you a license to operate your Business in a Designated Territory (subparagraph 2.A of the Franchise Agreement and Appendix B to the Franchise Agreement);
2. Provide training as described below in this Item 11 (subparagraph 7.B of the Franchise Agreement);
3. Upon your request, furnish to you a list of approved products and suppliers for your Business (subparagraphs 6.A and 6.B of the Franchise Agreement); and
4. Loan to you one copy of our Operations Manual for your Business containing mandatory and suggested specifications, standards and operating procedures for your Business (subparagraph 6.E of the Franchise Agreement). The Operations Manuals also included other manuals that we create for use in the operation of your Business.

5. Give you a Social Indoor starter kit comprised of two (2) digital demo monitors, two (2) carrying cases for the monitors, 2000 business cards, 50 kits each for sales and venues, and no less than 2 items of logo wear.

**Site Selection.** We do not select the site for your Business, as the franchise is granted for the right to operate a Social Indoor business within a particular Designated Territory. You are solely responsible for selecting a Designated Territory that meets our standards and criteria and that is acceptable to us (subparagraph 5.A of the Franchise Agreement). We generally will respond within 30 days of your request for approval of a proposed Designated Territory. If we do not approve the Designated Territory you propose, we will permit you to examine alternative search areas for your Designated Territory. We will not sign a Franchise Agreement with you until we agree upon a Designated Territory. When approving a Designated Territory, we will consider local competition, population and character of the Designated Territory, demographic surveys and customer information, the comparative advantages of a particular market and market penetration. We do not guarantee or warrant the financial success of your Business or any site from which you conduct your Business. We will not own or lease any premises to you.

**Development Time.** The length of time between the signing of the Franchise Agreement and the opening of your Business may be 0 to 6 months. Factors affecting this length of time usually include arranging financing, successfully completing training and other possible factors. You must open your Business within 6 months after signing the Franchise Agreement or we have the right to declare the Franchise Agreement null and void.

You should not expend funds or make any other commitment in connection with the franchise and should not resign from existing employment, relocate, or take any similar action until our approval of the franchise, which we will specifically communicate to you in writing.

#### Ongoing Assistance:

During the operation of your Business, we will:

1. Furnish you from time to time with updated and revised material for the manuals (subparagraph 6.E of the Franchise Agreement);
2. Furnish you from time to time with updated and revised products and suppliers lists (subparagraph 6.A and 6.B of the Franchise Agreement);
3. Evaluate your Business as necessary (subparagraph 6.I of the Franchise Agreement); and
4. Provide additional training (subparagraph 7.C of the Franchise Agreement).

#### Marketing Programs:

As of the date of this Disclosure Document, we collect a \$0 per month Brand Development Fee. We have the right to increase the Brand Development Fee up to 1% of Gross Sales. All Brand Development Fees will be deposited in a Brand Development Fund (the "Fund").

We will administer the Fund on behalf of the franchisees. All Ad Fund contributions shall be placed in a separate bank account and not co-mingled with the funds of the Franchisor. Any and all interest earned from the account belongs to the Fund. If all of the Brand Development Fees are not spent in the fiscal year in which they accrue, the remaining amounts are retained in the Fund for use in the following years. We may use the Fund for various purposes, including, but not limited to: (1) salaries, benefits and any other

payments made to employees/team members or any other individual or entity providing services to the Fund; (2) broadcast, print or on-line advertising and brand awareness; (3) the creation, development and production of advertising and promotional materials (i.e., print ads, radio, film and television commercials, videotapes, direct mail pieces, and other print advertising); (4) any marketing or related research and development; (5) advertising and marketing expenses, including services provided by advertising agencies, public relations firms or other marketing, research or consulting firms or agencies, sponsorships, marketing meetings and sales incentives, development of our website and intranet system, Internet access provider costs, subscriptions to industry newsletters or magazines, and administrative costs and salaries for marketing support personnel; and (6) costs and expenses incurred by us relating to any franchise convention we hold or sponsor. Any media coverage will initially be local or regional.

We determine the use of the monies in the Fund, although we may seek franchisee input from time to time on how to use the Fund (we reserve the right to make all decisions regarding the Fund). We are not required to spend any particular amount on marketing, advertising or promotion in the area in which your Business is located. We oversee the marketing programs and use the Fund to create marketing materials and conduct national, regional or local advertising as we determine appropriate. We will contribute to the Fund amounts equal to your required percentage for each similarly situated company-owned and affiliate-owned Businesses in the same local marketing area. From time to time we may contribute to the Fund some amounts paid to us by outside suppliers. We will prepare an annual unaudited accounting of the Fund and will make it available for your review upon your written request. We may use in-house resources or an outside national, regional, or local agency. We may be reimbursed for administrative costs and overhead incurred in administering the Fund. We will not use the Fund for the solicitation of franchise sales.

For our 2022 fiscal year (ending December 31, 2022), we had not collected or spent any Brand Development Fees.

You must obtain our written approval of all promotional and marketing materials prior to their use. Should we determine a particular advertisement or marketing effort to violate our Brand Standards, we reserve the right to have you cease that campaign immediately.

Although we do not currently do so, we reserve the right to require advertising or marketing cooperatives to be formed, changed, dissolved, or merged in our sole determination. If established, you must direct your local advertising expenditures to the advertising cooperative which is separate from the payment of the Brand Development Fee.

As of the date of this Disclosure Document, we do not have an advertising or marketing council.

#### Computer System:

You must obtain a laptop computer for use in the operation of your Franchise Business that is capable of running our software programs. The laptop computer will be used to compile sales, lease and accounting information in addition to interfacing with our management software and Intranet. Essentially, the laptop does not need any special requirements other than being able to connect to consistent internet connection as our programs are web-based. You must license the Social Indoor software from us. There are no contractual limitations on our access to the data on your computer or the data you upload onto our computer system. We have used the Social Indoor software systems, in various versions since September 2018. You must update, at your cost, your computer hardware and software as we direct, such as purchasing more memory or disk space, new network operating systems, Internet service providers, new file servers and/or new computer hardware as necessary to successfully run your business. There are no contractual limitations on the frequency or cost of the computer hardware and software updates that you must make at our request, but we see this as minimal given today's technology if you begin with the right system. We

will have direct independent access to your computer data uploaded onto our computer system using the Social Indoor software and will have independent access to the data on your computer hard drive via modem upon request. We routinely will update National Account information on your computer system.

Listed below is the computer hardware and software which is required for the operation of your Business. Currently, the following computer hardware and software can be purchased from us. You will need to obtain one high-speed Internet connection (digital subscriber line (“DSL”) or cable modem as supplied by your local Internet service provider, or one that meets Social Indoor requirements at our request.

We will provide you with our proprietary software. You may use any personal laptop or desktop computer. If you do not have one, we estimate the cost for purchasing a laptop computer will range from \$900 to \$2,000. The computer hardware will serve as an infrastructure for the computer software and will enable you to use the computer software described below to help manage your Business. We estimate the annual cost of optional and/or required maintenance, updating, upgrading or support contracts for the computer system will range from \$0 to \$200. Products such as iPads/Phones/Smaller Tablets may prove challenging to run your business, so we recommend utilizing an average size laptop and/or desktop with a keyboard.

You must license the Social Indoor software from us. The Software License Agreement will be in effect for the term of the Franchise Agreement unless your Franchise Agreement is terminated or expires. The Social Indoor software will serve as your management tool, providing advertising vacancy information, billing and accounts receivable status and financial statement creation capability you can use to improve your Business’ performance.

We will review our required computer hardware and software periodically in order to assess its functionality and operating efficiency.

#### Manuals:

Attached as Exhibit G to this Disclosure Document is the table of contents for each of our manuals, which include the “Getting Started Manual,” “Sales Manual,” “Business Management Manual,” “Install Manual” and “Software Manual” (collectively, the “Manuals”).

#### Training:

Unless you have previously completed our initial training program, you must attend and satisfactorily complete our initial training program. Except as noted below, we do not charge a separate fee for attending our initial training program. If you open an additional Social Indoor business you, your general manager and sales agent must complete our initial training program. If, however, you, your general manager and sales agent for the Business have already completed our initial training program, you, your general manager, and sales agent will not be required to complete our initial training program. Training is available to you and your approved manager (if you have one) for your Business. All training must be completed to our satisfaction before you begin to operate your Business. Initial training will last for 2 days and will consist of 2 days of in-house or Zoom (or other video service) training and continuing training will be held weekly for the first 90 – 120 days. The in-house training is held at our headquarters in Minnetonka, Minnesota or via electronic video media. Our training team has a minimum of 5 years in the industry leasing venues, selling contracts, national business, creating content, building a similar business and have been with Social Indoor since it was founded. The technology team has over 5 years in the field and have been with Social Indoor since founded. Unless we approve a later date in writing, you and any approved manager must complete this training within 180 days of signing the Franchise Agreement. Any training



provided by us to any of your employees will be limited to training or guiding the employees regarding the delivery of approved services to customers in a manner that reflects the customer and client service standards of the Social Indoor system. You are and will remain the sole employer of your employees during all training programs, and you are solely responsible for all employment decisions and actions related to your employees. You must ensure that your employees receive adequate training.

We may require you to attend additional mandatory training programs the content and duration of which may vary, depending on the circumstances, although we will not require your attendance at these programs more than twice a year. We will not charge a registration fee of any more than \$500 per person for these programs, although you must pay the travel and living expenses, salaries, and any other costs for you and any of your employees in attendance.

We may hold at least one convention per year in Minnesota (or other location that we designate), for all of our franchisees. We may require you to attend this convention, which will not last longer than 3 days with travel. We may charge a fee for attending the meeting, and you must pay for travel, lodging and related costs for you and all persons associated with you who attend the meeting. This is important to building a strong and consistent culture where our franchise owners can get together, meet, and share powerful success stories and tactics which are designed to and enhance your businesses and strengthen relationships with Social Indoor corporate and franchisees.

#### **TRAINING PROGRAM**

<b>Subject</b>	<b>Hours of Classroom Training</b>	<b>Hours of On-the-Job Training</b>	<b>Location</b>
<b>Social Indoor</b> History & Mission Statement	2	0	Minnetonka, Minnesota or via Zoom call
Meet the <b>Social Indoor</b> , LLC Team	1	0	Minnetonka, Minnesota or via Zoom call
Products and Branding	1	0	Minnetonka, Minnesota
Business Cycles – Performa – Ramp Up Schedule – Blitz Plan	1	0	Minnetonka, Minnesota or via Zoom call
Venues & Leasing	2	2	Minnetonka, Minnesota or via Zoom call and Venues training in franchisees market
Ad Sales	2	0	Minnetonka, Minnesota or via Zoom call and training in franchisees market
Creative Services	0.5	0	Minnetonka, Minnesota or via Zoom call
Display Services & Monitor Installations	1.5	1	Minnetonka, Minnesota or via Zoom call
National Sales /Cross Sales	1	0	Minnetonka, Minnesota or via Zoom call
SIMON (Social Indoor Media Operations Network)	1	0	Minnetonka, Minnesota or via Zoom call
In market visit	0	20	In Franchisee Market
<b>Ongoing training calls</b>	27		Zoom or conference call
<b>TOTAL</b>	40	23	

## Item 12

### **TERRITORY**

We grant you the right to operate a Social Indoor Business within a particular protected Designated Territory. We determine the population of your Designated Territory based on current United States census data and using zip code mapping. We will designate your Designated Territory as a Metro Designated Territory, Micro Designated Territory or Rural Designated Territory based on the classification proscribed for your Designated Territory by the United States Office of Management and Budget (“OMB”).

We have the absolute right (subject to the payment requirements noted in Appendix C to the Franchise Agreement) to solicit, sell, place and enter into advertising contracts for indoor print or indoor digital advertising services with National Accounts, regardless of where the National Account originates or where the advertisement is placed. Further, we have the absolute right to solicit, sell and place indoor print or indoor digital advertisements any other location not defined as a Venue in the Manuals regardless of where the business originates or where the advertisement is placed. For National account sales, the franchisee will be compensated for these ads inserted or placed in their Designated Territory.

Except as expressly noted in this Item 12 and the Franchise Agreement, you may market, solicit and service only those customers located inside your Designated Territory whose indoor ads will be placed at Venues in your Designated Territory. You may, however, after receiving consent from the Local Franchisee, engage in a Cross Sale for a customer located inside your Designated Territory. A Cross Sale occurs when the sale of an indoor ad placement originates within your Designated Territory, but the ad is placed in a Local Franchisee’s designated territory. Further, you may not market, solicit or provide services to a customer located in your Designated Territory if that customer is listed on our National Sales List. As noted in Item 16, you may only offer and sell those products and services that we have approved for your Designated Territory.

We and our affiliates retain all rights that are not expressly granted to you under the Franchise Agreement. Further, we and our affiliates may, among other things, on any terms and conditions we deem advisable, with compensation to any franchisee, and without granting you any rights therein:

1. solicit, sell and/or place National Accounts both within and outside your Designated Territory under the Social Indoor Trademarks or any other trademarks;
2. establish and/or license others to establish franchised or company-owned Social Indoor businesses at any location outside the Designated Territory regardless of the proximity of such business to your Designated Territory;
3. solicit, sell and/or place indoor print and indoor digital advertisements at Special Sites inside and outside your Designated Territory and other locations not defined as a Venue in the Manuals using the Social Indoor Trademarks or any other trademarks;
4. merge with, acquire or become associated with (“Merger/Acquisition Activity”) any businesses or stores of any kind under other systems and/or other marks, which businesses and stores may convert to or operate under the Social Indoor Trademarks and may offer or sell advertising items, products and services that are the same as or similar to the services offered at or from your Franchised Business, and which may be located anywhere outside the Designated Territory; and

5. sell and distribute for ourselves and/or license others to sell and distribute through franchised businesses or any other method of distribution, within and outside the Designated Territory, products or services the same as or different from the products and services offered under the System, and which are offered and distributed under marks the same as or different than the Social Indoor Trademarks.

Except for National Account Sales and Cross Sales, it is a violation of another Social Indoor franchisee's franchise agreement if that franchisee makes sales in your Designated Territory under the Social Indoor Trademarks without having received prior written consent from us. Another franchisee's marketing in his or her designated territory, however, may reach your Designated Territory if contained in a general publication (or media) like a regional newspaper with general distribution (or broadcast) within his or her designated territory and your Designated Territory.

We have the right to sell and/or place National Accounts, both within and outside your Designated Territory. If the National Account is an indoor print or indoor digital advertisement and will be placed in your Designated Territory, we will offer you the opportunity to place the National Account at the Venues located inside your Designated Territory and pay you as outlined in Appendix C to the Franchise Agreement. If you choose not to place the National Account or fail to place the National Account consistent with our standards and requirements, we or a third party (which may be another franchisee) will place the National Account inside your Designated Territory without the requirement of compensation to you. If you accept a National Account Sale but fail to meet our standards and requirements in connection with placing the National Account Sale, such action will constitute a default of your Franchise Agreement. You may participate in the National Account program if you meet the requirements identified in the Franchise Agreement and our Manuals.

If neither we nor a franchisee operates in a neighboring territory, we may permit you to service clients and Venues outside of your Designated Territory. In such instances, we reserve the right to require you to cease servicing those clients and Venues located outside your Designated Territory, and you must work diligently to assist in transferring the service needs of those clients and Venues immediately to the entity (whether us or a franchisee) that will continue to service those clients and Venues. All costs shall be assumed by the new franchisee.

You do not have any options, rights of first refusal or similar rights to acquire additional franchises within any particular Designated Territory.

Although we and our affiliates have the right to do so (as described above), we and our affiliates have not operated or franchised, and have no plans to operate or franchise, other businesses selling or offering similar products or services under different trademarks.

Even though the continuation of your franchise is not specifically dependent upon the penetration of the potential market, your failure to meet your yearly Minimum Monitor or Print Display Requirements, as outlined in Appendix B of the franchise agreement, is a default under the Franchise Agreement and may lead to a reduction in your Designated Territory or termination or, if applicable, nonrenewal of the Franchise Agreement.

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

Except for customers on the National Sales List, we do not restrict you from soliciting or making indoor print or indoor digital advertising sales from inside your Designated Territory. Except as provided in this Disclosure Document, you may not solicit or make any sales outside your Designated Territory.

You do not have the right to use other channels of distribution, such as the Internet, catalog sales, telemarketing, or other direct marketing, to make sales outside your Designated Territory.

**Item 13**

**TRADEMARKS**

The Franchise Agreement licenses you to use the Social Indoor trademark, as well as other trademarks, service marks, trade names and commercial symbols (collectively, the “Trademarks”). We also claim common law trademark rights for all of the Trademarks. We have filed or intend to file all required affidavits and renewals for the Trademarks listed below.

<b>Principal Trademarks</b>	<b>Principal/ Supplemental Register</b>	<b>Serial #</b>	<b>Filing Date</b>
<b>Social Indoor</b>	Principal	88305831	February 18th, 2019
<b>Social Indoor &amp; Design (LOGO)</b>	Principal	88305812	February 18th, 2019
<b>Social Indoor Franchising</b>	Principle	88568802	November 27 <sup>th</sup> , 2019

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

Appendix A to your Franchise Agreement identifies the Trademarks that you are licensed to use. Appendix A will include the Social Indoor trademark and our other Trademarks. We have the right to change Appendix A from time to time. Your use of the Trademarks and any goodwill is to our exclusive benefit, and you retain no rights in the Trademarks. You also retain no rights in the Trademarks upon expiration or termination of your Franchise Agreement. You are not permitted to make any changes or substitutions of any kind in or to the use of the Trademarks unless we direct in writing.

There currently are no effective material determinations by the United States Patent and Trademark Office, the Trademark Trial and Appeal Board, the trademark administrator of any state, or any court, or any pending infringement, opposition or cancellation proceeding, or any pending material litigation, involving the Trademarks. There currently are no agreements in effect that significantly limit our rights to use or license the use of any Trademarks in any manner material to the franchise. There are no infringing uses known to us that could materially affect your use of the Trademarks.

We are not obligated to protect you against infringement or unfair competition claims arising out of your use of the Trademarks, or to participate in your defense or indemnify you. We reserve the right to control any litigation related to the Trademarks and we have the sole right to decide to pursue or settle any infringement actions related to the Trademarks. You must notify us promptly of any infringement or unauthorized use of the Trademarks of which you become aware. If we decide to change the Trademarks or determine that a trademark infringement action requires changes or substitutions to the Trademarks, you must make these changes or substitutions at your own expense.

#### **Item 14**

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

We do claim copyright ownership and protection for our Franchise Agreement, our websites, the manuals and for various sales, promotional and other materials published from time to time.

We are not obligated to protect you against infringement or unfair competition claims arising out of your use of any patents or copyrights, or to participate in your defense or indemnify you. We reserve the right to control any litigation related to any patents and copyrights and we have the sole right to decide to pursue or settle any infringement actions related to the patents or copyrights. You must notify us promptly of any infringement or unauthorized use of any of our patents or copyrights of which you become aware.

You must keep confidential during and after the term of the Franchise Agreement all proprietary information, including the manuals. Upon termination of your Franchise Agreement, you must return to us all proprietary information, including the manuals and all other copyright material. You must notify us immediately if you learn about an unauthorized use of proprietary information. We are not obligated to take any action and we have the sole right to decide the appropriate response to any unauthorized use of proprietary information. You must comply with all changes to the manuals at your cost.

#### **Item 15**

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

If you are an individual, you must directly supervise and manage your Business in your Designated Territory. If you are a corporation, partnership, or other business entity, you must designate in writing to us an individual who will directly supervise and manage the operation of your Social Indoor business. The individual who will directly supervise and manage the operation of your Social Indoor business must complete our training program. This individual need not have an ownership interest in the franchisee entity; however, he or she (as well as all of your employees) must sign a written agreement maintaining confidentiality of proprietary information and abiding by the noncompete covenants.

Each individual who owns an interest in the franchisee entity must sign the personal undertaking and guarantee attached to the Franchise Agreement. These people agree to discharge all obligations of the franchisee under the Franchise Agreement and are bound by all its terms and conditions, including maintaining confidentiality of proprietary information and abiding by the noncompete covenants.

#### **Item 16**

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

You must offer and sell only those products and services that we have approved (Appendix A to the Franchise Agreement) and you must purchase certain items from only Approved Vendors. There are no limits on our right to make modifications to the approved products and services from time to time as stated in the manuals or otherwise in writing. Any failure to comply with these standards may result in termination of your Franchise Agreement.

You will be responsible for complying with all local, state, and federal laws in the operation of your Business. There may be laws or ordinances that regulate certain product offerings in your

Designated Territory. We urge you to make further inquiries about all of these laws that may be applicable to your Business. It is your responsibility to make sure that you understand how these laws may impact your Business.

You may use only marketing and promotional materials that we have approved and that comply with our Brand Standards.

You are not allowed to solicit, market or service clients located outside your Designated Territory without written authorization. Except for the National Sales List (as described below), you are not limited in the clients to whom you may solicit and sell approved products and services to inside your Designated Territory. You are, however, limited in the Venues where you may place approved products and services as defined in the Manuals. A list of the Venues where you may place approved products and services is contained in the Manuals and we may modify or change this list from time to time. We reserve the right to put limitations on National Account Sales originating inside your Designated Territory. For instance, you must meet the requirements stated in the Franchise Agreement and our Manuals and obtain our prior written approval before selling or receiving any revenue from a National Account Sale. Further, because of the nature of National Account Sales, we have the right to deny you the approval to sell the National Account Sale and we may handle this sale through our corporate headquarters. We will designate a list of accounts and customers, which we may modify from time to time, that due to their client base and nature of activities you will be prohibited from calling or soliciting business from, regardless of whether the account or customer is located inside your Designated Territory, without first obtaining our written consent (the “National Sales List”). Our policies and procedures for National Accounts will be included in our Manuals, including a list of accounts on the National Sales List. You are not required to obtain our approval prior to selling a Cross Sale, but you must obtain the approval of the Local Franchisee whose Designated Territory will be affected by the Cross Sale. Your clients and Venues must be located within your Designated Territory. With our written approval, you may provide products and services to clients and Venues located outside your Designated Territory and not assigned to another Social Indoor franchisee. If we permit you to service clients and Venues outside the Designated Territory, we reserve the right to require you to cease servicing those clients and Venues, and you must assist in transferring the service needs of those clients and Venues immediately to the entity that will continue to service those clients and Venues, all without compensation to you.

**Item 17**

**RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION**

**THE FRANCHISE RELATIONSHIP**

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

<b>Provision</b>		<b>Section in Franchise Agreement</b>	<b>Summary</b>
a.	Term of the franchise	Paragraph 4	5 years
b.	Renewal or extension of the term	Paragraph 4	Every 5 years if you are in good standing and meet the performance standards you can add an additional 5-year term.

Provision		Section in Franchise Agreement	Summary
c.	Requirements for you to renew or extend (when eligible)	Paragraph 4	You must be in compliance with your Franchise Agreement, be current with all monetary obligations, pay renewal fee, and attend any required training. You also must give us notice, maintain or obtain suitable premises for the Business, sign a release and sign our then-current form of Franchise Agreement. If you seek to renew your franchise at the expiration of the initial term, you may be asked to sign a new Franchise Agreement that contains terms and conditions materially different from those in your previous Franchise Agreement, such as different fee requirements and territorial rights.
d.	Termination by you	None	Not Applicable
e.	Termination by us without cause	None	Not Applicable
f.	Termination by us with cause	Paragraphs 11A-B	We can terminate only if you default.
g.	“Cause” defined - defaults that can be cured	Paragraphs 11A-B	You have 30 days to cure non-submission of reports, non-payment of amounts due and owing, failure to abide by our standards and requirements, failure to meet our requirements and specifications regarding Goods and Services, and any other default not listed in Section 11.B(2)-(3), and 90 days to cure any default of your minimum venue requirements (subject to state law).
h.	“Cause” defined - defaults that cannot be cured	Paragraphs 11A-B	Non-curable defaults: abandonment, insolvency, assignment for the benefit of creditors, conviction of felony, deception of customers regarding goods, willful falsification of reports, repeated audits because of underreporting, repeated defaults within 12-month period even if cured, trademark misuse, unapproved transfers.
i.	Your obligations on termination/non-renewal	Paragraphs 10C.2, 12A-C	Obligations include complete de-identification, payment of amounts due, discontinue or assign business phone number, return of manuals and proprietary information, and payment of liquidated damages (if termination results from your abandonment).
j.	Assignment of contract by us	None	No restriction on our right to assign. Assignee must fulfill our obligations under the Franchise Agreement.
k.	“Transfer” by you - definition	Paragraphs 14A-C	Includes any transfer of your interest in the Franchise Agreement or Business.
l.	Our approval of transfer by franchisee	Paragraphs 14A-C	We have the right to approve all transfers but will not unreasonably withhold approval, provided all transfer conditions are satisfied.

Provision		Section in Franchise Agreement	Summary
m.	Conditions for our approval of transfer	Paragraphs 14A-C	New franchisee qualifies, you are not in default under the Franchise Agreement, transfer fee paid, all amounts owed by you are paid, training completed, non-compete agreements signed, a release signed by you and guarantees, and assignee signs our then-current form of franchise agreement.
n.	Our right of first refusal to acquire your business	Paragraph 14E	We can match any offer for your Business.
o.	Our option to purchase your business	Not Applicable	Not Applicable.
p.	Your death or disability	Paragraph 14D	Upon your death, disability or incapacity, franchise can be transferred to third party approved by us. Transfer conditions apply (see m, above).
q.	Non-competition covenants during the term of the franchise	Paragraph 10D.1	No direct or indirect involvement by you or your in the operation of any advertising placement business or any other business selling products and services similar to those sold by your Business in the United States.
r.	Non-competition covenants after the franchise is terminated or expires	Paragraph 10D.2	No competing business for 2 years within your Designated Territory, within a 25-mile radius of the Designated Territory, or within the Designated Territory of another Social Indoor franchisee whose Designated Territory is within 25 miles of yours, except in the limited circumstances if this Agreement is terminated due only to our default under this Agreement and you are not in default.
s.	Modification of the agreement	Paragraph 16B	No modifications generally, but we may change manuals and list of Trademarks.
t.	Integration/ merger clause	Paragraph 16B	Only the terms of the Franchise Agreement are binding (subject to state law). Any statements or promises not in the Franchise Agreement or this Disclosure Document should not be relied upon and may not be enforceable.

### **Item 18**

#### **PUBLIC FIGURES**

We do not use any public figure to promote the franchise. No public figure is involved in our actual management or control.



**Item 19**

**FINANCIAL PERFORMANCE REPRESENTATIONS**

The FTC’s Franchise Rules 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.

Social Indoor LLC owns and operates the greater Minneapolis/St Paul Designated Territory as a corporate entity. During our fiscal year 2022 (Jan – Dec) we wrote 215 total contracts or a monthly average of ~18/mo. The average contract was \$8,330. If you take that divided by 12 months, the monthly average is \$694/mo. When removing a few larger contracts (Over \$40K), the average contract is \$6,316. When taking that divided by 12 the monthly average is \$526/mo. This information is being provided for informational purposes only and does not represent the results a franchisee shall attain.

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 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 from an agent of Social Indoor, you should report it to our management by contacting Justin Tolle at 5929 Baker Rd Suite 480, Minnetonka, MN 55345, 952-206-0917, the Federal Trade Commission and any appropriate state regulatory agencies.

**Item 20**

**SYSTEMWIDE OUTLET SUMMARY FOR 2019-2022**

Table No. 1 - Franchised and Company – Owned Stores:

<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	2019	21	21	0
	2020	21	29	8
	2021	29	41	12
	2022	41	50	9
Company Owned	2019	1	2	1
	2020	2	3	1
	2021	3	3	0
	2022	3	3	0
Total	2019	22	23	1
	2020	23	32	9
	2021	32	44	12
	2022	44	50	6

Table No. 2 - Transfers of Outlets from Franchisees to New Owners (other than the Franchisor):

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2019	0	0	0
	2020	0	3	3
	2021	3	1	1
	2022	4	2	2
Company Owned	2019	0	0	0
	2020	0	0	0
	2021	0	0	0
	2022	0	0	0
Total	2019	0	0	0
	2020	0	3	3
	2021	3	1	1
	2022	4	2	2

Table No. 3 – Status of Franchise Outlets:

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Re-acquired by Franchisor	Cease Operations	Other Reasons	Outlets at End Of Year
Arizona	2019	0	0	0	0	0	0	0	0
	2020	0	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0	0
	2022	0	3	0	0	0	0	0	3
California	2019	0	0	0	0	0	0	0	0
	2020	0	1	0	0	0	0	0	1
	2021	1	1	0	0	0	0	0	2
	2022	2	0	0	0	0	0	0	2
Colorado	2019	2	0	0	0	0	0	0	2
	2020	2	0	0	0	0	0	0	2
	2021	2	0	0	0	1	0	0	2
	2022	2	0	0	0	0	0	0	2

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Re-acquired by Franchisor	Cease Operations	Other Reasons	Outlets at End Of Year
Florida	2019	0	0	0	0	0	0	0	0
	2020	0	1	0	0	0	0	0	1
	2021	1	1	0	0	0	0	0	2
	2022	2	0	0	0	0	0	0	2
Illinois	2019	1	0	0	0	0	0	0	1
	2020	1	0	0	0	0	0	0	1
	2021	1	0	0	0	0	0	0	1
	2022	1	0	0	0	0	0	0	1
Indiana	2019	0	0	0	0	0	0	0	0
	2020	0	1	0	0	0	0	0	1
	2021	1	2	0	0	0	0	0	3
	2022	3	0	0	0	0	0	0	3
Iowa	2019	0	0	0	0	0	0	0	0
	2020	0	0	0	0	0	0	0	0
	2021	0	1	0	0	0	0	0	1
	2022	1	1	0	0	0	0	0	2
Massachusetts	2019	2	0	0	0	0	0	0	2
	2020	2	0	0	0	0	0	0	2
	2021	2	0	0	0	0	0	0	2
	2022	2	0	0	0	0	0	0	2
Minnesota	2019	4	0	0	0	0	0	0	4
	2020	4	3	0	0	0	0	0	7
	2021	7	0	0	0	0	0	0	7
	2022	7	2	0	0	0	0	0	9
North Carolina	2019	5	0	0	0	0	0	0	5
	2020	5	0	-1	0	1	0	0	4
	2021	4	0	0	0	0	0	0	4
	2022	4	0	0	0	0	0	0	4
Nevada	2019	0	0	0	0	0	0	0	0
	2020	0	0	0	0	0	0	0	0
	2021	0	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	0	1
Oklahoma	2019	0	0	0	0	0	0	0	0
	2020	0	0	0	0	0	0	0	0
	2021	0	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	0	1

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Re-acquired by Franchisor	Cease Operations	Other Reasons	Outlets at End Of Year
Florida	2019	0	0	0	0	0	0	0	0
	2020	0	1	0	0	0	0	0	1
	2021	1	1	0	0	0	0	0	2
	2022	2	0	0	0	0	0	0	2
Illinois	2019	1	0	0	0	0	0	0	1
	2020	1	0	0	0	0	0	0	1
	2021	1	0	0	0	0	0	0	1
	2022	1	0	0	0	0	0	0	1
Indiana	2019	0	0	0	0	0	0	0	0
	2020	0	1	0	0	0	0	0	1
	2021	1	2	0	0	0	0	0	3
	2022	3	0	0	0	0	0	0	3
Iowa	2019	0	0	0	0	0	0	0	0
	2020	0	0	0	0	0	0	0	0
	2021	0	1	0	0	0	0	0	1
	2022	1	1	0	0	0	0	0	2
Massachusetts	2019	2	0	0	0	0	0	0	2
	2020	2	0	0	0	0	0	0	2
	2021	2	0	0	0	0	0	0	2
	2022	2	0	0	0	0	0	0	2
Minnesota	2019	4	0	0	0	0	0	0	4
	2020	4	3	0	0	0	0	0	7
	2021	7	0	0	0	0	0	0	7
	2022	7	2	0	0	0	0	0	9
North Carolina	2019	5	0	0	0	0	0	0	5
	2020	5	0	-1	0	1	0	0	4
	2021	4	0	0	0	0	0	0	4
	2022	4	0	0	0	0	0	0	4
Nevada	2019	0	0	0	0	0	0	0	0
	2020	0	0	0	0	0	0	0	0
	2021	0	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	0	1
Oklahoma	2019	0	0	0	0	0	0	0	0
	2020	0	0	0	0	0	0	0	0
	2021	0	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	0	1

Table No. 4 - Status of Company-Owned Outlets:

State(s)	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired from Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of Year
Texas	2019	1	1	0	0	0	2
Texas & Minnesota	2020	2	0	1	0	0	3
Minnesota, Texas & North Carolina	2021	3	0	2	0	1	4
Minnesota, North Carolina & Colorado	2022	4	0	0	0	1	4

Table No. 5 - Projected Openings as of May 1st, 2023:

State	Franchise Agreements Signed but Outlets Not Opened	Projected New Franchised Outlets in the Next Fiscal Year	Projected New Company-Owned Outlets in the Current Fiscal Year
Florida	0	1	0
Colorado	0	1	0
Georgia	0	1	0
Massachusetts	0	1	0
Minnesota	0	1	0
Missouri	0	1	0
<b>Total</b>	<b>0</b>	<b>6</b>	<b>0</b>

### Item 21

#### FINANCIAL STATEMENTS

Attached as Exhibit E are the financial statements for Social Indoor Franchising, LLC for the year ending December 31, 2022. Our fiscal years ended is December 31. We have not been in business for three years or more and cannot include all financial statements required in instructions (i) and (ii) of this item 21.

### Item 22

#### CONTRACTS

This Disclosure Document includes a sample of the Social Indoor Franchise Agreement with appendices A (Authorized Trademarks and Product Offerings), B (Designated Territory and Minimum Venue Requirements), C (Revenue Sharing), D (Draft Authorization) and E (Software License Agreement); and Acknowledgment Addendum and Conversion Addendum.

This Disclosure Document also includes State Addenda (Exhibit F) and a Sample Release (Exhibit H).

As a prospective franchisee, you should obtain the independent legal and financial advice concerning the Social Indoor franchise offering as you deem appropriate before making any commitment.

## EXHIBIT A

### List of State Agencies and Agents for Service of Process

#### CALIFORNIA

Commissioner of Business Oversight  
Department of Business Oversight  
2101 Arena Boulevard  
Sacramento, CA. 95834  
(916)-445-7205 or Toll Free  
(866)-275-2677

#### ILLINOIS

Attorney General State of Illinois  
500 South Second Street  
Springfield, Illinois 62706

#### INDIANA

Agent for Service of Process  
Indiana Secretary of State  
201 State House  
200 West Washington Street  
Indianapolis, Indiana 46204

State Administrator  
Securities Commissioner  
Indiana Securities Division  
302 West Washington, Room E-111  
Indianapolis, Indiana 46204

#### MICHIGAN

Consumer Protection Division  
Attn.: Franchise  
670 Williams Building  
Lansing, Michigan 48913

#### MINNESOTA

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

#### NEW YORK

NYS Department of Law  
Investor Protection Bureau  
28 Liberty ST. 21st FL  
New York, NY 10005  
212-416-8222

Agent for Service of Process- New York  
Secretary of State  
99 Washington Ave.  
Albany, NY 12231

#### NORTH DAKOTA

North Dakota Securities Department  
State Capital, 5th Floor.  
600 East Boulevard Avenue  
Bismarck, North Dakota 58505  
Telephone: (701) 328-4712

#### SOUTH DAKOTA

Department of Labor & Regulation  
Division of Securities  
124 S. Euclid Ave., Suite 104  
Pierre, South Dakota 57501

#### WISCONSIN

Division of Securities  
Department of Financial Institutions  
201 W. Washington Avenue Suite 300  
Madison, Wisconsin 53703

## **EXHIBIT B**

### **Franchise Agreement with Appendices**

A (Authorized Trademarks and Product Offerings), B (Designated Territory, Do not call list, and Minimum Venue Requirements), C (Revenue Sharing), D (Draft Authorization), and E (Software License Agreement).



SOCIAL INDOOR®  
FRANCHISE AGREEMENT  
BETWEEN  
SOCIAL INDOOR FRANCHISING, LLC  
AND

---

---

---

---

Name(s) of Franchisee/LLC

---

Street

---

City

State

Zip

---

Telephone

YOUR DESIGNATED TERRITORY:


FRANCHISE AGREEMENT

TABLE OF CONTENTS

<u>SECTION</u>		<u>PAGE</u>
1.	<b>DEFINITIONS.....</b>	<b>43</b>
2.	<b>GRANT OF LICENSE .....</b>	<b>45</b>
3.	<b>TRADEMARK STANDARDS AND REQUIREMENTS.....</b>	<b>48</b>
4.	<b>TERM OF FRANCHISE; FRANCHISEE’S RIGHT TO RENEW.....</b>	<b>50</b>
5.	<b>OFFICE STANDARDS AND MAINTENANCE.....</b>	<b>50</b>
6.	<b>OPERATIONS STANDARDS AND REQUIREMENTS .....</b>	<b>51</b>
7.	<b>PERSONNEL AND TRAINING STANDARDS.....</b>	<b>56</b>
8.	<b>FEEs, REPORTING AND AUDIT RIGHTS .....</b>	<b>57</b>
9.	<b>MARKETING FEES AND CONTROLS.....</b>	<b>59</b>
10.	<b>FRANCHISEE’S OTHER OBLIGATIONS.....</b>	<b>61</b>
11.	<b>DEFAULT AND TERMINATION .....</b>	<b>63</b>
12.	<b>POST-TERM OBLIGATIONS .....</b>	<b>64</b>
13.	<b>DISPUTE RESOLUTION; INJUNCTIVE RELIEF .....</b>	<b>65</b>
14.	<b>ASSIGNMENT BY FRANCHISEE .....</b>	<b>66</b>
15.	<b>ASSIGNMENT BY FRANCHISOR .....</b>	<b>70</b>
16.	<b>GENERAL PROVISIONS .....</b>	<b>70</b>

**APPENDICES:**

Appendix A	AUTHORIZED TRADEMARKS AND PRODUCT OFFERINGS
Appendix B	DESIGNATED TERRITORY; TOTAL PRICE; MINIMUM VENUE AND MONITOR AND PRINT DISPLAY REQUIREMENTS
Appendix C	REVENUE SHARING
Appendix D	DRAFT AUTHORIZATION
Appendix E	SOFTWARE LICENSE AGREEMENT
Appendix F	MONITOR MANAGEMENT AGREEMENT

Addenda:

ACKNOWLEDGMENT ADDENDUM AND CONVERSION ADDENDUM

## SOCIAL INDOOR® FRANCHISE AGREEMENT

This Franchise Agreement (“Agreement”) is made this \_\_\_\_ day of \_\_\_\_\_, 20\_\_ between Social Indoor Franchising, LLC, a Minnesota limited liability company with its principal business located at 5929 Baker Rd Suite 480, Minnetonka, MN 55345 (“we” or “us” or “Social Indoor”), and \_\_\_\_\_, a(n) \_\_\_\_\_ whose principal business address is \_\_\_\_\_ (“franchisee” or “you”).

### RECITALS

- A. We and our predecessors have expended considerable time, effort, skill, and financial resources in developing and establishing the SOCIAL INDOOR® System, as defined below.
- B. We are the owner of the SOCIAL INDOOR service mark and other trademarks, trade names and commercial symbols (“Trademarks,” as defined below and in Appendix A) used in connection with the System.
- C. You wish to obtain the right to use the System and Trademarks in the operation of your Social Indoor Business, as defined below.
- D. You have had a full and adequate opportunity to be advised thoroughly of the terms and conditions of this Agreement by legal counsel or other advisors, and have had sufficient opportunity to evaluate and investigate the System, the financial investment requirements, and the business risks associated with owning and operating an Social Indoor business.

In consideration of the foregoing and the covenants and consideration below, you and we agree as follows:

### DEFINITIONS

1. For purposes of this Agreement, the terms set forth below have the following definitions:
  - A. “Business” means your **Social Indoor** Business developed and operated pursuant to this Agreement. Your Business licensed under this Agreement contains our distinctive advertising concepts that include standards, specifications and procedures for operations, consistency and uniformity requirements for the advertising products and services offered, as well as training, assistance, advertising and promotional programs, and propriety software.
  - B. “Confidential Information” means our proprietary information, knowledge, and know-how, including processes, materials, methods, procedures, suggested selling and techniques, specifications and other data concerning the methods of operation for your Business.
  - C. “Cross Sales” means the sale of an indoor ad placement that originates from a client located inside your Designated Territory (defined below) but is placed in a Venue located in another **Social Indoor** franchisee’s designated territory (a Receiving Franchisee”).
  - D. “Designated Territory” means the geographic area described in Appendix B in which we grant you the right and license to operate your Business.

- E. “Developed Territory” means any geographic area that is (i) either a Metropolitan Statistical Area, Micropolitan Statistical Area, or a town or municipality within a rural area that is outside of your Designated Territory and outside of any other Social Indoor franchisee’s designated territory, (ii) that we perform regularly scheduled monthly advertisement and display board placement and maintenance services at venues located throughout the area, (iii) where such services are performed either by a hired employee or contractor that maintains an office in either a residential dwelling or commercial building in the said area, and (iv) such said area contains a sufficient number of venues we then-currently have active leases with to fulfill the National Account Sale placed by you in the area. Any geographical area that is outside of your Designated Territory and that is outside of any other Social Indoor franchisee’s designated territory that does not meet the criteria of this Developed Territory definition is defined as an “Undeveloped Territory”.
- F. “Gross Revenue” means revenue you derive from Cross Sales (excluding Cross Sales that another franchisee placed in your Designated Territory), National Account Sales and any other revenue, cash or trade, that you derive from the operation of your Business.
- G. “Indoor Print Advertising” means a frame containing print advertisements adhered to a wall with either non-permanent two-sided adhesive tape or mounting system, non-framed vinyl poster advertisements that are adhered to a wall with non-permanent self-adhesive material, or Bar Media Advertising.” Bar Media” includes any additional or standalone media elements including, but not limited to, coasters, napkins, glassware, table tents, and mirror clings.
- H. “Indoor Digital Advertising” means an electronic monitor that displays static or full motion digital picture advertisements mounted to a wall.
- I. “Manuals” means the confidential “Getting Started Manual,” “Software Manual,” “Sales Manual,” “Business Management Manual,” “Installation Manual,” and other written materials provided to you relating to services and products offered as part of your Business, or the financial management, equipment, facility and operations of your Business. We may revise and update the Manuals from time to time.
- J. “National Account Sales” means (i) the sale of an Indoor Print or Indoor Digital Advertisement by us or our affiliate to a client or account that is located outside of your Designated Territory or sold to a client or account that is located inside of your Designated Territory that is identified on the “National Sales List” (as defined in Section 2.A below) and is placed inside or outside of your Designated Territory; or (ii) a sale of an Indoor Print or Indoor Digital Advertisement by you, that is not a Cross Sale, to a client or account that is located inside your Designated Territory that is placed outside of your Designated Territory in a territory that we operate either as developed or undeveloped territory.
- K. “System” means the **Social Indoor** System, which consists of the operation of an **Social Indoor** business using our distinctive and proprietary products and services under our Trademarks and utilizing certain distinctive types of supplies, services, sales techniques and procedures, and marketing programs, all of which we may modify and change from time to time.
- L. “Trademarks” means the **Social Indoor** service mark that has been registered with the United States Patent and Trademark Office and the other trademarks, service marks, and trade names set forth in Appendix A, as we may modify and change from time to time, and the trade dress

and other commercial symbols used in your Business. Trade dress includes the designs, color schemes and image we authorize you to use in the operation of your Business from time to time.

- M. “Undeveloped Territory” (see Developed Territory definition in paragraph 1.F).
- N. “Venue” or “Venues” means the locations in which you place Indoor Print or Indoor Digital Advertisements and is exclusively limited to those locations identified in the Manuals. We reserve the right to modify the list of Venues from time to time.
- O. “Approved Suppliers” shall mean any and all suppliers designated by the Franchisor as approved for providing services and products to Franchisees.
  - (i) Software: Social Indoor’s SIMON software is the only approved software system to track all advertisements, customers, contracts and venue partners. Franchisee will run reports out of SIMON to enter into their financial accounting software such as Quickbooks, Xero or Zoho or alike. Software fee includes: Access to our own proprietary SIMON Software which handles all advertising and venue information and deploys creative ads to your digital monitors. In addition, you will receive a Social Indoor email address, file hosting and access to all proprietary materials such as media kits, advertising, venue contracts and much more SI related business materials. CRM, Accounting or Business/Project management software are allowed (i.e. HubSpot, Salesforce, Quickbooks, Asana, Adobe, Microsoft Teams, etc.).
  - (ii) Hardware, Displays: Social Indoor is the only approved supplier for all hard goods to ensure brand consistency. This includes, but is not limited to: Digital Monitors, Print Frames including all related supplies such as tape, plexi, corrugated, templates and other related supplies.
  - (iii) Printing, Creative Services, Stationary, Social Media, Website: Franchisee may use Social Indoor for these services, or they may contract with a local supplier for these items. Franchisee must request and obtain written authorization to work with a local supplier and supplier must follow Social Indoor Branding guidelines. Social Indoor Franchise plans to launch a franchisee “micro-site” in which each local owner will have their own mini website. Franchisee’s must utilize this website and may not have any other websites managed.
- P. “Goods and Services” shall mean all products and services provided by the Franchisee to a customer and that are approved by the Franchisor.

#### GRANT OF LICENSE

2. The following provisions control with respect to the license granted to you:

A. Rights Granted. We hereby grant to you, subject to the terms and conditions of this Agreement, the right and license to engage in and conduct a **Social Indoor** Business identified by the Trademarks set forth in Appendix A at the Venues defined above. For any location-type that is not defined as a Venue, you must obtain our prior written permission to conduct your Business at

any such location. Your rights and license to conduct your Business are limited to the authorized product offerings set forth in Appendix A.

You hereby accept this license and undertake the obligation to operate your Business faithfully, honestly and diligently, using the System in compliance with our standards and requirements for the System. You agree to maintain and operate your Business under your active and continuous supervision and management. You may not commence operations of your Business until you successfully complete our training program and we have approved the commencement date of operations. The license granted in this Agreement is limited to the right to operate your Business only within your Designated Territory and may not be used elsewhere or at any other location by you, except as we expressly authorize in this Agreement or in writing from time to time.

If neither we nor a franchisee operates in a neighboring territory, we may permit you to service clients and Venues outside of your Designated Territory. In such instances, we reserve the right to require you to cease servicing those clients and Venues located outside your Designated Territory, and you agree to work diligently to assist in transferring the service needs of those clients and Venues immediately to the entity (whether us or a franchisee) that will continue to service those clients and Venues. The new franchisee will assume the obligations associated with those clients and Venues. Other than any payments for the display boards, you will receive no compensation with respect to those clients and Venues outside your Designated Territory.

Although you are granted a Designated Territory and may not solicit business outside your Designated Territory, you may have clients that, although located in your Designated Territory, may wish to place ads outside of your Designated Territory. If these clients wish to advertise in a Local Franchisee's designated territory and not also in a territory operated by us either as Developed or Undeveloped Territory, then this sale is deemed a "Cross Sale" and you serve as the Originating Franchisee. You must obtain the Local Franchisee's approval before selling a Cross Sale into the Local Franchisee's designated territory. As the Originating Franchisee, you are responsible for billing the advertiser, collecting payments, paying the production charges to us, and paying the appropriate percentages to us and to the Local Franchisee, as described in Appendix C. If these clients wish to advertise outside a Local Franchisee's designated territory, then this sale is deemed a "National Account Sale." You must obtain our prior written approval prior to selling a National Account Sale. Further, because of the nature of National Account Sales, we have the right to deny you the approval to sell the National Account Sale and we may handle this sale through our corporate headquarters. You acknowledge that other franchisees will have the right to offer Cross Sales into your Designated Territory and you will serve as the Local Franchisee. If acting as the Local Franchisee, you are responsible for securing lease sites, rent payments, purchasing all display boards, shipping charges and general maintenance of the ad campaign.

As further described in Subparagraphs 2.B and 6.D, we have the right to solicit, sell and place National Account Sales in your Designated Territory, whether the client is located in your Designated Territory or wishes to place an ad in your Designated Territory. Further, you acknowledge that we have the exclusive right to solicit, sell and place local and national advertising to a list of accounts identified on the "National Sales List" or "Do Not Call List" we provide to you, which list may be amended from time to time. Due to the unique client base and nature of activities for these accounts you will be prohibited from calling or soliciting business from them. If a National Account will be placed inside your Designated Territory, we will offer you the opportunity to place the National Account at the Venue(s) located inside your Designated Territory. If you place a National Account, we will pay you as described in Appendix C. If you elect not to place the National Account, we or a third party we select (which may be another franchisee) will place the National Account inside your Designated Territory without paying you any compensation. If you choose to place a National

Account but fail to comply with our standards and requirements, this will constitute a breach of this Agreement and we will not be required to pay you any compensation and may require you to pay us for all direct costs (rent, materials, travel expenses, installation costs, etc.) related to your failure to properly secure the venue or place the National Account. You also acknowledge other franchisees may be approved for National Account Sales into your Designated Territory

You will be compensated for National Account Sales and Cross Sales in accordance with Appendix C - Revenue Sharing. As noted in Appendix C, we have the right to amend and modify the revenue sharing provisions from time to time as we determine appropriate after providing you with 60 days' advance written notice.

You do not have the right to sub franchise, sublicense, assign or transfer your rights under this Agreement, except as specifically provided in this Agreement.

B. Territory Rights; Our Reservation of Rights. During the term of this Agreement and provided that you are in compliance with the terms and conditions of this Agreement, we will not (i) modify your Designated Territory without your written permission, or (ii) establish either a company-owned or franchised indoor advertising production and placement business that offers Indoor Print or Indoor Digital Advertising at Venues within your Designated Territory under the **Social Indoor** Trademark or any other trademark or name. We have the absolute right (subject to the payment requirements outlined in Section 2.A and Appendix C) to solicit, sell, place and enter into advertising contracts with National Account Sales, regardless of where the National Account Sale originates or is located, and regardless of whether or not the National Account Sale is identified on the "National Sales List" or "Do Not Call List" if sold in conjunction with other forms of advertising, as further detailed below.

We and our affiliates retain all rights that are not expressly granted to you under this Agreement. Further, we and our affiliates may, among other things, on any terms and conditions we deem advisable, without compensation to any franchisee, and without granting you any rights therein:

- I. solicit, sell and/or place National Accounts both within and outside your Designated Territory under the **Social Indoor** Trademarks or any other trademarks;
- II. establish and/or license others to establish franchised or company-owned **Social Indoor** businesses at any location outside the Designated Territory regardless of the proximity of such business to your Designated territory;
- III. merge with, acquire or become associated with ("Merger/Acquisition Activity") any businesses or stores of any kind under other systems and/or other marks, which businesses and stores may convert to or operate under the **Social Indoor** Trademarks and may offer or sell advertising items, products and services that are the same as or similar to the services offered at or from your Business, and which may be located anywhere inside or outside the Designated Territory; and
- IV. sell and distribute for ourselves and/or license others to sell and distribute through any other method of distribution, within and outside the Designated Territory, products or services that are different from the products and services offered under the System, and which are offered and distributed under marks the same as or different than the **Social Indoor** Trademarks.

We are not required to pay you if we exercise any of the rights specified above, inside your Designated Territory, unless otherwise outlined in this agreement, ex. National sales.

Further, and as outlined in Section 2.A above, we have the right to solicit, sell and/or place National Accounts both inside and outside your Designated Territory under the **Social Indoor** Trademarks. If the National Account will be placed in your Designated Territory, we will offer you the opportunity to place the National Account at the Venue(s) located inside your Designated Territory and pay you in accordance with Appendix C. If you choose not to place the National Account, we may place the National Account inside your Designated Territory without paying you any compensation.

C. Minimum Monitor and Print Display Requirements. In order to meet our goals for market penetration and for the growth of your Business, you agree to be bound by the Minimum Monitor or Print Display Requirements as set forth in Appendix B. As further described in Appendix B, the annual Minimum Monitor or Print Display Requirements will be established for each year of the term of this Agreement. “Year” or “yearly” for purposes of the Minimum Monitor or Print Display Requirements, will mean the consecutive twelve months commencing with the first full month following the Business Opening Date (as defined in Section 16.P) and every twelve-month period thereafter. The Minimum Monitor or Print Display Requirements are based on market potential and market share for your Designated Territory, the growth rate of other **Social Indoor** businesses and other relevant factors.

You understand that meeting the annual Minimum Monitor or Print Display Requirements does not suggest that you are sufficiently penetrating the market in your Designated Territory or that your Business will be successful. Rather, the Minimum Monitor or Print Display Requirements are threshold minimum amounts. Failure to meet the Minimum Monitor or Print Display Requirements is a default under this Agreement. Further, should you fail to meet the Minimum Monitor or Print Display Requirements, we reserve the right to reduce the size of your Designated Territory.

### TRADEMARK STANDARDS AND REQUIREMENTS

3. You hereby acknowledge and agree that the Trademarks are our property and that your right to use the Trademarks is specifically conditioned upon the following terms and conditions:

A. Trademark Ownership. The Trademarks are our valuable property, and we are the exclusive owner of all right, title and interest in and to the Trademarks and all past, present or future goodwill of your Business conducted within your Designated Territory that is associated with or attributable to the Trademarks. Your use of the Trademarks will inure to our benefit. You may not, during or after the term of this Agreement, engage in any conduct directly or indirectly that would infringe upon, harm or contest our rights in any of the Trademarks or the goodwill associated with the Trademarks, including any use of the Trademarks in a derogatory, negative, or other inappropriate manner in any media, including but not limited to print or electronic media. Further, we reserve the right to require you to cease placing certain types of ads or placing any ads in certain types of Venues if we determine that the ads or the locations harm the goodwill associated with the Trademarks.

B. Trademark Use. You may not use, or permit the use of, any trademarks, trade names or service marks in connection with your Business, except those set forth in Appendix A or except as we otherwise direct in writing. You must use the Trademarks only in connection with such products and services as we specify and only in the form and manner we prescribe in writing. You must



comply with all trademarks, trade name and service mark notice marking requirements. You must use the Trademarks only in association with products and services approved by us and that meet our standards or requirements with respect to quality and production, service standards and methods of operation. You must implement and abide by our requirements and recommendations directed to enhancing substantial System uniformity in the matters described in this Subparagraph.

C. Business Identification. You must use the name **Social Indoor** as the trade name under which you do Business, and no other mark or words may be used to identify your Business without our prior written consent. You may not use the words **Social Indoor** or any of the other Trademarks as part of the name of your corporation, partnership, limited liability company or other similar entity. You must hold yourself out to the public as an independent contractor operating your Business pursuant to a license from us.

You must clearly indicate on your business checks, stationery, purchase orders, receipts, and other written materials that you are the owner of your Business and that you are a **Social Indoor** franchisee. You may use the Trademarks on various materials, such as business cards, stationery, purchase orders and checks, provided you: (i) accurately depict the Trademarks on the materials; (ii) include a statement on the materials, in immediate proximity to the Trademark, indicating that you independently own and operate your Business; and (iii) do not use the Trademarks in connection with any other trademarks, trade names or service marks unless we specifically approve it in writing prior to the use. You must purchase all trademarked items from us. Title on your business cards and email signatures must be: Franchise Owner / Partner/Operator/etc. You may NOT use CEO/COO/President/VP/of Social Indoor (Market Name), but you could use these titles if it's of your LLC, Inc. business.

D. Litigation. In the event any person or entity improperly uses or infringes the Trademarks, we will control all litigation and we have the right to decide as to whether suit will be instituted, prosecuted or settled, the terms of settlement and whether any other action will be taken. You must promptly notify us of any such use or infringement of which you are aware. You must promptly inform us of any claim arising out of your use of any Trademark and must, without compensation, cooperate with us in any action we undertake. We or our affiliate will be responsible for our fees and expenses with any such action, unless the challenge or claim results from your misuse of the Trademarks in violation of this Agreement, in which case you must reimburse us for our fees and expenses.

E. Changes. You may not make any changes or substitutions to Trademarks unless directed by us in writing. We reserve the right to change the Trademarks at any time. Upon receipt of our notice to change the Trademarks, you must cease using the former Trademarks and commence using the changed Trademarks, at your expense.

F. Creative Works. All ideas, concepts, techniques, or materials concerning the **Social Indoor** Business or System, whether or not protectable intellectual property and whether created by or for you or one of your owners or employees, must be promptly disclosed to us and will be deemed to be our sole and exclusive property, part of the System, and works made-for-hire for us. To the extent 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 must take whatever action (including signing an assignment agreement or other documents) we request to show our ownership or to help us obtain intellectual property rights in the item.

#### TERM OF FRANCHISE: FRANCHISEE'S RIGHT TO RENEW

4. The term of the license granted in this Agreement is for a period of five (5) years from the date of this Agreement. You have the right to renew your license every 5 years for unlimited additional terms (5) year terms, provided that you have met the following conditions:
  - I. The Franchisee must give written notice to us not less than 6 months prior to the end of the expiring term of your intent to renew the license. You must execute the then-current form of franchise agreement and all other agreements, legal instruments and documents then customarily used by us in the renewal of franchises. These agreements, legal instruments and documents may vary materially from those agreements, legal instruments and documents currently in use by us. Your failure or refusal to execute such agreements, instruments and documents within 30 days after their delivery to you will be deemed an election by you not to renew the license;
  - II. The Franchisee is in compliance with all of the terms and conditions of this Agreement and are in compliance with our operating and quality standards and requirements;
  - III. The Franchisee has satisfied, prior to renewal, all monetary obligations owed by you to us, our affiliates or your suppliers or creditors, whether pursuant to this Agreement or otherwise;
  - IV. The Franchisee has agreed, in writing, to make such reasonable expenditures necessary to replace and modernize your display boards and all items displaying the Trademarks so that your Business will conform to our then-current standards;
  - V. The Franchisee attend any training program, at your expense, that we deem necessary for you to operate your Business in accordance with our then-current standards;
  - VI. The Franchisee have continuously and actively operated your Business and you are able to maintain possession of the premises of your Business or you are able to secure and develop suitable substitute premises approved by us; and
  - VII. The Franchisee and your personal guarantors sign a general release of claims in a form we prescribe.
  - VIII. The Franchisee pays the renewal fee of Two Thousand Five hundred dollars \$2,500 at the end of every ten year period.

#### OFFICE STANDARDS AND MAINTENANCE

5. The following provisions control with respect to your premises:
  - A. Location. You must, at your expense, provide the premises where you will locate and operate your Business. You may operate your Business out of your residence. We must consent to your Business's location. Your residence or office must be located in your Designated Territory or within a 25-mile radius of your Designated Territory. We make no guarantees concerning the success of your Business located at any site consented to by us. You are solely responsible for obtaining all necessary permits and/or licenses, and in all other respects complying with applicable legal requirements relating to your Business.

B. Business Telephone Line; Answering Service. In the event you operate your Business out of your residence, you must have a business telephone number (separate from your home phone number) assigned to your Business. When your Business is not staffed during regular business hours, you must use an answering service or answering machine. We require you to utilize a local phone number with an area code associated to your market. Services such as Grasshopper, Google Voice and other VOIP services are acceptable.

C. Relocation. Should it become necessary, on account of condemnation, sale or other cause, including expiration or cancellation of your lease, to relocate your Business location, we will grant you authority to do so at a site acceptable to us that is in your Designated Territory and that is reasonably suited for your Business; provided that your Business is open and operating within 30 days after closing at the previous location, in accordance with our current standards at that time. You must provide uninterrupted telephone service to your clients during the transition.

#### OPERATIONS STANDARDS AND REQUIREMENTS

6. You acknowledge and agree that we have established and may revise, from time to time, quality standards regarding the operations of **Social Indoor** businesses so as to protect the distinction, goodwill and uniformity symbolized by the Trademarks and the System. Accordingly, you agree to maintain and comply with our quality standards and requirements for the System and agree to the following terms and conditions:

A. Approved Product Offerings; Approved Products and Services. You may sell only those product offerings we have authorized in Appendix A in connection with the Trademarks and Business. The product offerings may vary depending on the location of your Designated Territory. We also will designate approved products and services that you will use in your Business. Approved products and services are those items we determine meet our standards and specifications of quality required to protect the valuable goodwill and uniformity symbolized by and associated with the Trademarks and Business. These products and services meet standards and/or specifications prescribed by us, which we may modify from time to time. You must conform to all quality and customer service standards we prescribe in writing, including ad content and advertising standards. You agree to promote and market, actively and aggressively, your Business, products and services within your Designated Territory.

B. Vendors and Suppliers. You must purchase certain approved products and services from Approved Vendors, including but not limited to all printing, design, laminating, display frames and boards, digital display boards, labels, envelopes and all other materials related to the creation, production and posting of ads. You acknowledge that we may designate a single source of supply for approved products and that we or an affiliate may be that source. For instance, we are the only approved supplier for all Trademark items (letterhead, business cards, etc.). Additionally, you may, but are not required to, purchase some of the supplies and materials you will need to operate your Business from us; for example, design, and printing production materials. Upon request, we will provide and update you with a written list of the approved products and services, which list will include approved suppliers for many of the items. **ALTHOUGH APPROVED BY US, WE MAKE NO WARRANTY AND EXPRESSLY DISCLAIM ALL WARRANTIES, INCLUDING WARRANTIES OF MERCHANTABILITY AND FITNESS FOR ANY PARTICULAR PURPOSE, WITH RESPECT TO PRODUCTS, SERVICES, EQUIPMENT, SUPPLIES, FIXTURES, FURNISHINGS OR OTHER APPROVED PRODUCTS.**

You will pay the then-current price in effect for any approved supplies or products you purchase from us, an affiliate or other Approved Supplier. In some instances, the cost for the

approved supplies or products you purchase from us, an affiliate or other approved supplier may be higher than the cost of other similar supplies and products on the market. If Social Indoor receives a price adjustment from our Suppliers, we will notify the franchise community of the effective date of those changes, whether up or down. Social Indoor reserves the right and has the discretion to determine whether or not a price change will be made on future orders.

C. Display Boards and Digital Display Monitors. You are responsible for all installation costs, construction costs, permits, licenses, utilities, insurance, taxes, assessments and levies in connection with the installation or use of the display boards. Digital display board are the property of Social Indoor. Social Indoor will compensate you for installation of digital monitors up to \$250 per digital monitor with proper documentation up to 36 monitors. Payments are made twice per month, and you will receive reimbursement when the receipts are approved. You must comply with all federal, state and local laws, regulations, building codes and ordinances relating to the installation, maintenance and use of the display boards. Social Indoor will also maintain or replace all Digital Boards in cases of technical failure of any components and manufacture defects. Social Indoor reserves to right to discontinue Digital Boards and replace with static boards or remove them all together in venues where excessive damage has occurred to previously installed boards and/or any of the principles of the Venues have been committed of a crime. Social Indoor is not liable for any monitor failures in any way, including but not limited to lost revenue, lost venues or other unintentional damages. Franchise owners recognize that technology is not perfect and there are many factors that are uncontrollable by Social Indoor corporate such as power grid specifications, venue's internet strength, power accessibility, etc. that affect the monitor's performance. That said, Social Indoor corporate will offer reasonable service times and calls to help overcome any challenges in the marketplace but shall in no way be liable for any damages arising out of such challenges or monitor failures.

You may not alter, remove, change, modify, or redesign the display boards without our written approval. We have the right to redesign the plans and specifications for the display boards during the term of this Agreement without your approval or consent. Upon receipt of written notice from us, you may continue to use your then-current display boards installed at your Venues and boards and parts that remain in your inventory until such stock needs to be replaced with the new boards that meet our redesigned specifications. After such time, we will modify or replace such stock as needed with display boards that comply with our redesigned display board plans and specifications.

D. National Account Sales. You agree to follow the policies and procedures we establish with respect to National Account Sales as set forth in the Manuals and Section 6.0 below, including the prohibitions against contacting the accounts listed in the National Sales List. The Manuals will set forth the procedures, policies and other terms and conditions regarding National Account Sales, and we reserve the right to modify these procedures and policies from time to time. We also will provide you with the requirements you will need to meet in order to service National Account Sales in your Designated Territory in compliance with the terms of our agreement with the National Account Sale. If we have a National Account Sale in your Designated Territory but you choose not to place the ad or fail to meet our standards and requirements, including properly securing the necessary venues, we reserve the right to enter your Designated Territory to secure and lease those venues necessary to fulfill the National Account Sale. In such instances, we agree that we will secure other venues than those you then-currently have active leases with to fulfill the National Account Sale. Further, we will not pay you any compensation in connection with any declined National Account Sales. You acknowledge and agree that if you choose to place a National Account but fail to do so in accordance with our standards and requirements, this will constitute a breach of this Agreement; and we will not be required to pay you any compensation and may require you to pay us

for all direct costs (rent, materials, travel expenses, installation cost, etc.) related to your failure to properly secure the venues. Your failure to place, install or service the National Account Sale in accordance with all applicable terms and conditions also will be a default of your obligations under this Agreement.

E. Manuals. To help protect our reputation and goodwill and to maintain uniform operating standards under the Trademarks and System, you must conduct your Business in accordance with the required standards and procedures contained in our Manuals and created for use in the operation of your Business. Any required standards exist to protect our interest in the System and the Trademarks and not for the purpose of establishing any control, or the duty to take control, over those matters that clearly are reserved to you.

You will receive one copy of the Manuals electronically on loan from us for the term of this Agreement. You must at all times treat and maintain the Manuals and the information contained therein and any other proprietary information created for or approved for use in the operation of your Business as secret and confidential. The Manuals will at all times remain our sole property. We may from time to time revise the contents of the Manuals and you expressly agree to comply with each new or changed standard. You must at all times ensure that your copy of the Manuals is kept current and up to date. In the event of any dispute as to the contents of the Manuals, the terms of the master copy of the Manuals we maintain will be controlling. You acknowledge and agree that in the future the Manuals and other system communications may only be available on the internet, our intranet system or other online or computer data transfer communications, as described in Subparagraph 6.M.

F. Computer System. You must have or purchase a laptop computer to use in connection with the operation of your Business or have an existing computer approved by Us. The laptop computer will be used to compile sales, lease and accounting information in addition to interfacing with the management software. You must use any Computer System that we develop and/or select for your Business, including all future updates, supplements (including any intranet/extranet system we develop) and modifications (the "Computer System"). The computer software package developed for use as part of the Computer System includes our proprietary business management software. The software will track local billings, current advertising clients, the Venues secured, and number of display boards installed, and the types of advertisements posted. You also must use QuickBooks accounting software.

You must license the proprietary software from us, which software will remain our confidential property, and enter into our standard form of Software License Agreement, a copy of which is attached as Appendix E. Any default of the Software License Agreement is a default under this Agreement. We reserve the right to assign our rights, title and interest in the proprietary software or the Software License Agreement to a third party that we designate. In such event, you may be required to enter into a separate computer software license agreement specified by the third-party supplier of the proprietary software. All right, title and interest in the software will remain with the licensor of the software.

The computer hardware component of the Computer System must conform to specifications we develop and must be configured in a package unit as we designate. If we are requested to configure your computer hardware component to conform to the designated computer software component of the Computer System, we may provide such assistance for additional agreed upon compensation. You acknowledge and agree that we will have full and complete access to information and data produced by the Computer System. You will be required to use and pay for all future updates, supplements and modifications to the Computer System. It is your responsibility to make sure that you are in compliance with all laws that are applicable to the Computer System or other technology

used in the operation of your Business, including all data protection or security laws as well as PCI compliance.

G. Operating Procedures. The Manuals contain both requirements and recommendations for the operation of your Business. You must adopt and use the required standards, procedures, techniques and systems described in the Manuals. We will revise the Manuals and their standards, procedures, techniques and systems periodically to meet changing conditions of the System. In some instances, the required standards will include recommendations or guidelines to meet the required standards. You may follow the recommendations or guidelines or some other suitable alternative, provided you meet and comply with the required standards. In other instances, no suitable alternative may exist. In order to protect our interests in the Trademarks and System, we reserve the right to determine if you are meeting a required standard and whether an alternative is suitable to any recommendations or guidelines.

H. Confidential Information. You and your personal guarantors (as described in Subparagraph 16.F) must not, during the term of this Agreement or thereafter, communicate, divulge or use for the benefit of any other person or entity any Confidential Information, except to such employees as must have access to it to operate your Business. Any and all Confidential Information must not be used for any purpose other than conducting your Business in your Designated Territory. We may require that you obtain nondisclosure and confidentiality agreements in a form satisfactory to us from any persons owning any ownership interest in your Business and from other key employees. You must provide copies of the executed agreements to us upon request.

I. Client Information. If we request, you must provide us with an up-to-date client list and copies of client invoices in the form we prescribe. You must submit this information through our required method, which may include an extranet or intranet system or other online communications as we prescribe. We have the right to contact the clients you service to ascertain your quality of work and the level of customer satisfaction. At all times during and after the term of this Agreement, the client list remains our property. Upon the expiration or termination of this Agreement, we or our designee may provide services to any clients you serviced during the term of this Agreement without paying you any compensation.

J. Evaluations. We or our authorized representatives have the right to enter your Business premises at all reasonable times during the business day for the purpose of making periodic evaluations and to ascertain whether you are observing the provisions of this Agreement, to inspect and evaluate your premises used for your Business, to observe completed work and accompany you on sales and service calls, and to evaluate your products and services. Any evaluation we conduct is not intended to exercise control over your day-to-day operation of the Business or to assume any responsibility for your obligations under this Agreement.

K. Adaptations. Complete and detailed uniformity under many varying conditions may not always be possible or practical, and we reserve the right to vary the standards for any franchisee based upon the customs or circumstances of a particular territory, density of population, existing business practices, or any condition that we deem to be of importance to the operation of the franchisee's business. You will not be entitled to require us to grant to you a like or other variation hereunder on account of any variation from standards, specifications and practices granted to any other franchisee. You acknowledge and agree that we have the right to make periodic modifications or rescind any requirement, standard or specification under this Agreement as may be necessary in order to adapt our System to changing conditions and competitive circumstances.

L. Continuous Operation of Business. . You acknowledge and agree that if your Business is closed or otherwise not operated for the time as set forth in the Manuals without our prior written consent, the closure or failure to operate will constitute your voluntary abandonment of the franchise, and we have the right, in addition to other remedies provided for herein, to terminate this Agreement and the franchise operated hereunder. If you abandon your Social Indoor Business before the end of the term of this Agreement, you must pay us, as liquidated damages, an amount equal to three (3) years of Continuing License Fees (as defined in Section 8.B), or, if less than 3 years remain in the term, the Continuing License Fee for each month remaining in the term.

M. Compliance with Law. You must at all times conduct your Business in compliance with all applicable laws, regulations, codes and ordinances. You recognize that it is your responsibility to understand and comply with all such laws, regulations, codes and ordinances and some of these may restrict your ability to offer certain product offerings in your Designated Territory. You acknowledge that you are an independent business and are solely responsible for control and management of your Business, including such matters as hiring and discharging your employees. You acknowledge that we have no power, responsibility or liability in respect to employee relations issues including hiring, discharge and discipline, and related matters. You must promptly notify us of any claim or litigation in which you are involved that arises from the operation of your Business.

N. Participation in an Internet Web Site or Other Online Communications. We require you, at your expense, to participate in our Social Indoor web site as well as any intranet or extranet system we may develop. We have the right to determine the content and use of our web site and our extranet/intranet system and will establish the rules under which franchisees may participate. You may not separately register any domain name or operate any web site containing any of the Trademarks, nor marketing or selling products or services similar to our products and services, without our written approval. We will retain all rights relating to our web site and our extranet/intranet system and may alter or terminate our web site or our extranet/intranet system without prior notice to you. Your general conduct on our web site, our intranet system or on other online communications (including any social media platforms) and specifically your use of the Trademarks or any advertising on any web site or other online communications (including social media platforms) is subject to the provisions of this Agreement and our approval. You acknowledge that certain information obtained through your participation in our web site and our extranet/intranet system may be considered Confidential Information, including access codes and identification codes. Your right to participate in our web site and our extranet/intranet system or otherwise use the Trademarks or System on the internet or other online communications will terminate when this Agreement expires or terminates.

O. Suggested Pricing Policies. Except as to National Account Sales, you have the right to set the prices you charge for the services offered at your Business. We may, from time to time, make suggestions to you with regard to your pricing policies. We have the right to modify our standard pricing policies which will give us the right to establish prices, both minimum and maximum. Any such modification will be in writing. Unless we so modify our standard pricing policies, any list or schedule of prices we furnish to you is a recommendation only and any decision you make to accept or reject the suggestion will not affect the relationship between us.

P. Liquidated Damages. As outlined in Section 6.L, if you abandon your SOCIAL INDOOR Business before the end of the initial term or any renewal term of this Agreement, you must pay us, as liquidated damages, an amount equal to three (3) years of Continuing License Fees or, if less than 3 years remain in the initial or renewal term, the Continuing License Fee for each month remaining in the term.

As it relates to National Account Sales, we have the right to establish, to the maximum extent permitted by law, the price to be charged by you for services provided to National Account Sales. We also have the right to establish National Account Sale programs whereby we sell or provide services to the National Account Sale and you, in turn, sell or provide your services to us at prices established by us and serve as our agent in servicing the account, as more fully set forth from time to time in our Manuals.

#### PERSONNEL AND TRAINING STANDARDS

7. The following provisions and conditions control with respect to personnel, training and supervision.

A. Supervision of Your Business. Your Business must at all times be under your direct supervision or a designated principal owner in the event you are a corporation, partnership, or other business entity. Your principal owners must be those persons who are actively involved in your Business and the principal owners must be personal guarantors and sign an undertaking and guarantee in accordance with Subparagraph 16.F of this Agreement.

B. Training. You must, at your expense for room, board and travel, attend and successfully complete our **Social Indoor** training program at a place we designate. The training program may vary depending on the type of products and services you offer. You understand that this Agreement will not become effective unless you successfully complete the **Social Indoor** training program. In the event that you are given notice of default as set forth in Subparagraph 11.A and the default relates, in whole or in part, to your failure to meet any operational standards, we may require as a condition of curing the default that you again attend and successfully complete our training program at a place we designate at your expense. If you desire to operate your Business with a manager other than you, then in addition to you, the manager must attend and successfully complete our training program, at your expense, prior to undertaking such operations.

C. Ongoing Training. We may require you and other key employees of your Business to attend, at your expense, ongoing training at our training center or other location we designate. We reserve the right to charge you a fee to attend any additional training we require.

D. Staffing. You must hire and supervise efficient, competent, and courteous persons as your employees for the operation of your Business and set and pay their wages, commissions and incentives with no liability on us. As further described in the Manuals, your staffing needs may vary depending on the size of your Designated Territory. No employee of yours will be deemed to be an employee of us for any purpose whatsoever, and nothing in any aspect of the System or the Trademark in any way shifts any employee or employment related responsibility from you to us. All of your key employees must sign a confidentiality agreement in a format approved by us. You alone are responsible for hiring, firing, training, setting hours for and supervising all employees.

E. Attendance at Meetings. We may require you to attend any national conferences, seminars or meetings that we sponsor for **Social Indoor** franchisees to set forth new methods and programs for operation, training, management, sales or marketing. Any meetings you attend will be at your expense, and we may charge you a fee to attend any such meetings. If we require you to attend any such meetings and you are unable to attend, you must notify us prior to the meeting and attempt to have a substitute person from your Business, acceptable to us, attend and represent you at such meeting. If you or your substitute do not attend a required conference, seminar or meeting, we may require you to pay a fee of \$1,500 to us to cover costs and expenses.



## FEES, REPORTING AND AUDIT RIGHTS

8. You must pay the fees described below and comply with the following provisions:

A. Initial Franchise Fee. Except if this is your second or subsequent **Social Indoor** franchise, your Initial Franchise Fee for your **Social Indoor** Business will be \$40,000 plus a population fee as outlined in the FDD. You pay us the Initial Franchise Fee when you sign this Agreement. The Initial Franchise Fee is nonrefundable. In connection with your payment of the Initial Franchise Fee, we will provide you with a Start-Up Kit for your Business, the contents which are set forth in the Manuals.

If this is your second or subsequent **Social Indoor** franchise your Initial Franchise Fee will be \$35,000 plus a population fee. You must pay us the Initial Franchise Fee when you sign this Agreement. The Initial Franchise Fee is nonrefundable. In connection with paying the Initial Franchise Fee we will provide you with a Start-Up Kit for your Business.

B. Training Fee. The Training Fee is \$2,500 for new franchisees as noted in Section 7 of the franchise disclosure document except noted below, paid in a lump sum, is earned upon receipt and is non-refundable. The \$2,500 Training Fee includes initial training for up to 3 people for 2 days at our home office in Minnetonka, Minnesota or via Zoom or an alternate electronic video medium. This includes weekly continuing training for the first 90 – 120 days, a field visit with a venue specialist, and 1 on 1 additional software training. You are responsible for paying the salaries, travel expenses, lodging, and all other expenses for you and all employees you send to training. If you are opening your second or subsequent Business and you and your general manager and sales agent for the second or subsequent Business have already completed our initial training program, you are not required to pay us the Training Fee. If, however, the general manager or sales agent for your second or subsequent Business has not completed our initial training program, these individuals must successfully complete our initial training program and you must pay us the Training Fee. For a subsequent or conversion franchise you have the option to choose to pay \$500 per person that attends training in Lieu of the \$2,500 requirement for up to 3 outlined above. A field visit would be available at additional cost for subsequent franchise territory.

C. Royalty Fee. Royalties are 6% of gross cash sales and 3% of all trade value to be paid monthly.

D. Software Fee. Software fee is \$400 per month. This includes your email address, Microsoft Outlook, Business Exchange 365 et al.

E. Monitor management fee, currently \$35 per monitor per month 60 days post shipping. Outlined in Exhibit F.

F. Cross Sales Fee. If you are the Originating Franchisee of a Cross Sale, you must pay us the continuing license fee designated above and pay the Local Franchisee a percentage of the Cross Sales you invoice for ads placed in the Local Franchisee's territory. The terms and percentages of the payment to the Local Franchisee are further described in Appendix C.

G. National Account Sales Fee. You may receive a percentage of the revenue generated by National Account Sales we place in your Designated Territory. If we permit you to handle a National Account Sale, you must pay a percentage of the revenue to us. The terms and conditions for revenue sharing for National Account Sales are detailed in Appendix C.

H. Programmatic Sales. Your market may receive a percentage of the revenue generated by programmatic sales by National agencies that are placed in your Designated Territory. The terms and conditions for revenue sharing for programmatic sales are detailed in Appendix C.

I. Production Charges. You may use us or an alternate supplier for advertising design or posters pending our approval. We also may charge lower production charges if the volume of your printing warrants a discount. You must purchase from us or an Approved Supplier your supply of **Social Indoor** letterhead, business cards, invoices and contracts.

If you choose to use a supplier other than us for advertising design and production, you must submit the advertising to us for approval prior to use. Further, you must permit us to post the ad on the **Social Indoor** “AD Library” for our use and the use of other franchisees.

J. Computations and Remittances; Reconciliation of Amounts Owed. On the first business day of each month, we will prepare an invoice outlining: (i) any amounts you owe to us for monitor leases and technology fees(ii) any production costs incurred during the month, and (iv) any other charges, supply orders or amounts you owe to us. Prior to the end of each month, we will exercise an Electronic Funds Transfer (EFT) as described in Section 8.I below for any amounts listed above and any other amounts that are outstanding 1 or more days past the invoice due date. Royalties will be calculated for your records monthly, but payments will be processed on the 10 day of the calendar quarter.

You will be responsible for any fees associated with a lack of funds or failed EFT. Any amounts owing to us that are outstanding after 30 days will bear interest from the due date until the date paid at the rate of 18% per annum or the maximum rate permitted by law, whichever is less. We may also withhold payment to you of revenues generated from National Account Sales if you are 31 days or more past due with respect to any amounts owed to us.

On approximately the tenth day of the month, we will provide you with a Cross, Programmatic, and National Sales Payment Statement that shows all amounts we owe to you for those respective sales that were placed in your Designated Territory during the preceding month, in accordance with the terms and percentages described in Appendix C. Payment of the amount set forth on the Statement is processed on the 20th day of the month following the month in which the Sales ads were placed. You may not withhold payment of any amounts owed to us and hereby waive any and all existing and future claims and offsets against any amounts due us, which amounts must be paid when due. Social Indoor reserves the right to use any Cross, National Account, or Programmatic payments due to you towards any monies owed to us that is past due.

K. Electronic Transfer of Funds. You must sign an electronic transfer of funds authorization, attached as Appendix D, to authorize and direct your bank or financial institution to transfer electronically, on a monthly basis, directly to our account or our affiliates’ and to charge to your account all amounts due to us or our affiliates. You must maintain a balance in your account sufficient to allow us and our affiliates to collect the amounts owed when due. You are responsible for any penalties, fines or other similar expenses associated with the transfer of funds described in this subparagraph.

L. Reports and Audit. You must submit to us reports with respect to your Business in such form and content as we may prescribe periodically. For example, on an annual basis, but no later than May 15 of each year, you must provide us with copies of your previous year’s franchise financial statements and related report, or year-end balance sheet and statement of profit and loss. If

you fail to provide us your previous year's franchise financial statements and related report, or year-end balance sheet and statement of profit and loss in a timely manner, or such information contains gross discrepancies to that reported in our proprietary software outlined in Section 6.F, we will have the right to require copies of your most recent annual tax returns.

We or our authorized representative have the right at all times during the business day to enter the premises where your books and records relative to your Business are kept and to evaluate, copy and audit such books and records. In the event that any such evaluation or audit reveals an understatement of your Sales or other material financial information related to your Business of 5% or more from data reported to us, in addition to any other rights we may have (including collection of amounts owed with respect to any understatement), you must reimburse us for all audit costs including, without limitation, the related professional fees, travel, and room and board expenses. Furthermore, we may conduct further periodic audits and/or evaluations of your books and records, at your sole expense, as we reasonably deem necessary for up to two years thereafter. You acknowledge and agree that if a subsequent audit or evaluation conducted within the two year period reveals any such understatement or variance of 5% or more, in addition to any other remedies provided for in this Agreement, at law or in equity, we will have the right to terminate this Agreement in accordance with Subparagraph 11.B of this Agreement.

M. Interest Charges. Any and all amounts owing to us or our affiliates by you hereunder will bear interest at the rate of 18% per annum or the maximum contract rate of interest permitted by governing law, whichever is less, from and after the date of accrual. Your failure to pay all amounts when due is a default and grounds for termination under this Agreement. In addition, we reserve the right to withhold or delay the shipment of products to you and payment of revenues generated from National Account Sales and Cross Sales if you are past due with respect to any amount owed to us or our affiliates. Vendors and suppliers of products and services also may withhold or delay the shipment of goods and services to you if you are in arrears with respect to any amount owed to the vendor or supplier.

## MARKETING FEES AND CONTROLS

9. You agree to actively promote your Business, to abide by all of our marketing requirements and to comply with the following provisions:

9a. Marketing Fund. Marketing fund will be instituted the following calendar year on January 1st after Social Indoor has developed (10 or more venues) in 50 or more markets Nationally. As of the date of this Franchise Agreement, we collected \$0 per month Brand Development Fee. We have the right to increase the Brand Development Fee up to 1% of Gross Sales. All Brand Development Fees will be deposited in a Brand Development Fund (the "Fund").

We will administer the Fund. The Fund is not a trust or escrow account, and we do not have any fiduciary obligations with respect to the Fund. Any and all interest earned from the account belongs to us. If all of the Brand Development Fees are not spent in the fiscal year in which they accrue, the remaining amounts are retained in the Fund for use in the following years. We may use the Fund for various purposes, including, but not limited to: (1) salaries, benefits and any other payments made to employees/team members or any other individual or entity providing services to the Fund; (2) broadcast, print or on-line advertising and brand awareness; (3) the creation, development and production of advertising and promotional materials (*i.e.*, print ads, radio, film and television commercials, videotapes, direct mail pieces, and other print advertising); (4) any marketing or related research and development; (5) advertising and marketing expenses, including services provided by advertising agencies, public relations firms or other marketing, research or

consulting firms or agencies, sponsorships, marketing meetings and sales incentives, development of our website and intranet system, Internet access provider costs, subscriptions to industry newsletters or magazines, and administrative costs and salaries for marketing support personnel; and (6) costs and expenses incurred by us relating to any franchise convention we hold or sponsor. Any media coverage will initially be local or regional.

We determine the use of the monies in the Fund, although we may seek franchisee input from time to time on how to use the Fund (we reserve the right to make all decisions regarding the Fund). We are not required to spend any particular amount on marketing, advertising or promotion in the area in which your Business is located. We oversee the marketing programs and use the Fund to create marketing materials and conduct national, regional or local advertising as we determine appropriate. We will contribute to the Fund amounts equal to your required percentage for each similarly situated company-owned and affiliate-owned Businesses in the same local marketing area. From time to time we may contribute to the Fund some amounts paid to us by outside suppliers. We will prepare an annual unaudited accounting of the Fund and will make it available for your review upon your written request. We may use in-house resources or an outside national, regional, or local agency. We may be reimbursed for administrative costs and overhead incurred in administering the Fund. We will not use the Fund for the solicitation of franchise sales.

For our 2022 fiscal year (ending December 31, 2022), we had not collected or spent any Brand Development Fees.

You must obtain our written approval of all promotional and marketing materials prior to their use.

Although we do not currently do so, we reserve the right to require advertising or marketing cooperatives to be formed, changed, dissolved or merged in our sole determination. If established, you must direct your local advertising expenditures to the advertising cooperative which is separate from the payment of the Brand Development Fee.

As of the date of this Disclosure Document, we do not have an advertising or marketing council.

B. Required Local Expenditures; Approved Marketing Materials. You must use your best efforts to promote and advertise your Business in your Designated Territory and participate in any local marketing and promotional programs we establish from time to time. You must use only such marketing materials as we furnish, approve or make available, and the materials must be used only in a manner that we prescribe. We will not unreasonably withhold approval of any marketing materials; provided that they are factual and dignified and include proper usage of the Trademarks. Any local advertising materials you submit to us will be deemed approved in accordance with the preceding sentence if we do not disapprove or comment on the materials within 10 business days of receipt. We and other franchisees are restricted from marketing their **Social Indoor** businesses as it relates to indoor print and indoor digital advertising in your Designated Territory, except when such marketing is part of a marketing fund program under Subparagraph 9.A, is targeted towards advertising at Special Sites, or contained in a publication with general distribution in your Designated Territory and in the designated territory in which the company-owned outlet or another franchisee's territory is located.

## FRANCHISEE'S OTHER OBLIGATIONS

10. You agree to comply with the following terms and conditions:

A. Payment of Debts. You agree to pay promptly when due: (i) all payments, obligations, assessments and taxes due and payable to us, vendors, suppliers, lessors, federal, state or local governments, or creditors in connection with your Business or products or services used in connection with your Business, (ii) all liens and encumbrances of every kind and character created or placed upon or against any of said property; and (iii) all accounts and other indebtedness of every kind incurred by you in the conduct of your Business. In the event you should default in making any payment, we will be authorized, but not required, to pay the same on your behalf and you covenant promptly to reimburse us on demand for any such payment.

B. Taxes. You must pay to us (or any subsidiary, affiliate or designee) promptly and when due the amount of all sales taxes, use taxes, personal property taxes and similar taxes imposed upon, and required to be collected by or paid by, us or our affiliate on the account of services or goods furnished by us or our affiliate to you through sale, lease or otherwise or on account of collection by us or our affiliate of the Continuing License Fee, or any additional payments you make to us pursuant to this Agreement.

C. Indemnification; Insurance. You hereby waive all claims against us (and any affiliates, officers, directors, agents and employees) for damages to property, death, or injuries to persons arising directly or indirectly out of the management or operation of your Business. You must indemnify and hold us (and any affiliates, officers, directors, agents and employees) harmless from and against any and all claims, demands and liabilities of any nature whatsoever arising in any manner, directly or indirectly, from or in connection with the operation, use, or occupancy of your Business or premises or any breach by you or your failure to comply with the terms and conditions of this Agreement, including attorneys' fees and costs (regardless of cause or any concurrent or contributing fault or negligence of us or our affiliates). As between us and you, you are solely responsible for the safety and well-being of your employees and the customers of your Business. Furthermore, we will indemnify and hold you (and any affiliates, officers, directors, agents and employees) harmless from and against any and all claims, demands and liabilities of any nature whatsoever arising in any manner, directly or indirectly, from or in connection with advertisements we create on your behalf for you or for your local clients or in conjunction with a National Account Sale, including without limitations, claims or suits for libel, copyright or trademark infringement, privacy rights, or any other violations of federal, state, or local law.

It is the intention of the parties to this Agreement that we shall not be deemed a joint employer with you for any reason; however, if we incur any cost, liability, loss or damage as a result of any actions or omissions of you or your employees, including any that relate to any party making a finding of any joint employer status, you will fully indemnify us for any such cost, liability, loss and damage.

You agree to purchase and maintain in full force and effect, solely at your expense, liability insurance in an aggregate amount designated periodically by us. You shall procure, maintain and provide evidence of: (i) comprehensive general liability insurance for your Business and its operations, including product liability, and personal and advertising injury, with a limit of not less than \$1,000,000 per occurrence and a general aggregate of \$2,000,000, for personal injuries or deaths of persons occurring in or about your Business, or such greater limits as may be required as part of any lease agreement for the Business; (ii) owned, non-owned and hired automobile liability insurance covering you and all your employees with authority to operate a motor vehicle in an

amount not less than \$1,000,000 or, with our prior written consent, such lesser amount as may be available at a commercially reasonable rate, but in no event less than any statutory imposed minimum coverage, plus hired car physical damage coverage in an amount of \$50,000; (iii) if owned automobile liability insurance is purchased, the following additional coverages are required, when applicable: owned auto liability, personal injury protection, uninsured & underinsured motorist, drive other car coverage and broadened personal injury protection; (iv) data privacy/cyber liability coverage that includes first and third party coverage with a sublimit of either (a) \$25,000 if your annual gross revenue is less than \$75,000 or (b) a sublimit of \$50,000 if your annual gross revenue is greater than \$75,000; and (v) if required by state law, unemployment and worker's compensation insurance with a broad form all-states endorsement coverage sufficient to meet the requirements of the law. Additionally, you must carry EPLI insurance with a minimum coverage of \$50,000. Additionally, it is strongly recommended, but not required, that you purchase media liability insurance with a limit of not less than \$1,000,000 if you hire third-party graphic designers and printers for your client's advertising, and purchase all-risk personal property insurance in an amount equal to at least 100% of the replacement costs of the contents and tenant improvements associated with your Business. This particular recommendation to purchase media liability, personal and advertising injury insurance and all-risk personal property insurance is not mandatory and is not required for compliance with the franchise agreement.

In addition, you agree to purchase and maintain in full force and effect, at your expense, other insurance in amounts designated periodically by us covering operation or maintenance of any building, equipment or motor vehicle owned or leased by you in connection with your Business and any other insurance we specify in writing from time to time or required by local, state or federal law. You further agree to deliver to us periodically or at our request a proper certificate evidencing the existence of such insurance coverage and your compliance with the provisions of this Subparagraph. All insurance coverage must (i) name us as an additional insured and our affiliates and their respective officers, directors, members and others as their interest may appear on a primary, noncontributory basis, (ii) insure you, us and our affiliates and their respective officers, directors, agents and employees from any and all loss, liability, claim or expense of any kind whatsoever and (iii) provide that we will be given 30 days' prior written notice of material change in or termination or cancellation of the policy. This insurance coverage must commence as of the date you commence operating your Business. Certificates of insurance must be sent to us upon annual expiration date.

D. Noncompete Restrictions. You agree that you will receive valuable training and Confidential Information that you otherwise would not receive or have access to but for the right licensed to you under this Agreement. You also acknowledge that we are the owners of all goodwill associated with use of our Trademarks or the System. You therefore agree to the following noncompetition restrictions:

1. You and your personal guarantors may not during the term of this Agreement, without our prior written approval, engage as an owner, partner, director, officer, employee, consultant, agent or in any other capacity in any advertising business or any other business selling products and services similar to the products and services sold by your Business licensed under this Agreement.

2. You and your personal guarantors may not engage as an owner, partner, director, officer, employee, consultant, sales person, representative or agent in any other capacity in any competitive activity, as defined below, for a 2 year period after expiration or termination of this Agreement, within (i) your Designated Territory; (ii) a 25 mile radius outside your Designated Territory; or (iii) the designated territory of another **Social Indoor** franchisee whose designated territory is within 25 miles of your Designated Territory. For

purposes of this Agreement, competitive activity means any advertising placement business or any other business that sells products and services similar to the products and services sold by a **Social Indoor** business. You expressly agree that the 2-year period and 25-mile restriction are the reasonable and necessary time and geographic scope needed to protect us and the System if the Agreement expires or is terminated. You also agree that the length of time in this Subparagraph will be tolled for any period during which you are in breach of the covenants or any other period during which we seek to enforce this Agreement. Notwithstanding the foregoing, this noncompete restriction will be waived by us if, at the expiration of this Agreement, (i) you have no further renewal rights under this Agreement, but you desire to continue operating your Business, and (ii) you are in full compliance with all terms and conditions of this Agreement.

3. You agree that we are licensing you to use during the term of this Agreement the goodwill attendant to the use of our Trademarks and System, and, upon termination or expiration of the Agreement, we will have the exclusive right to such goodwill, including the exclusive right to customer relationships developed by you during the term of this Agreement.

### DEFAULT AND TERMINATION

11. The following provisions apply with respect to default and termination:

A. Defaults. You will be in default hereunder if we determine that you or any personal guarantor has breached any of the terms of this Agreement or any other agreement between you and us or our affiliates, which without limiting the generality of the foregoing, includes (i) voluntary abandonment of your Business, (ii) making any false report to us, (iii) failure to submit any required report, (iv) failure to pay when due any amounts required to be paid to us or any of our affiliates whether pursuant to this Agreement or otherwise or to any third party (including vendors and suppliers) as required by this Agreement, (v) unauthorized use of the Trademarks, (vi) dishonest or unethical conduct adversely affecting the Trademarks, (vii) conviction of you or any personal guarantor (or pleading no contest to) any felony or an offense that brings or tends to bring any of the Trademarks into disrepute or impairs or tends to impair the goodwill of any of the Trademarks, (viii) failure to abide by our standards and requirements in connection with the operation of your Business, (ix) unauthorized disclosure of confidential information, (x) your failure to meet the Minimum Venue Requirements, (xi) filing of any tax liens or voluntary or involuntary bankruptcy by or against you or any personal guarantor, (xii) your insolvency or any personal guarantor's insolvency, (xiii) making an assignment or entering into any similar arrangement for the disposition of assets for the benefit of creditors, (xiv) any unauthorized assignment or transfer of your Business, this Agreement or the stock of franchisee, or (xv) failure to meet any requirements or specifications we establish with respect to product and service quality, sales or installation procedures, conditions of materials used, or use of approved products and services.

B. Termination by Us. We have the right to terminate this Agreement in accordance with the following provisions:

1. Termination After Opportunity to Cure. Except as otherwise provided in this Subparagraph 11.B: (i) you will have 30 days from the date of a written notice of default to cure any default under this Agreement; (ii) your failure to cure a default within the 30-day period will provide us with good cause to terminate this Agreement; (iii) the termination will be accomplished by mailing or delivering to you written notice of termination that will identify the grounds for the termination; and (iv) the termination will

be effective 30 days after the date of the written notice of termination. In the event you fail to satisfy your minimum venue requirements (as outlined in Appendix B) you will have 90 days from the date of a written notice of default to cure this default.

2. Immediate Termination With No Opportunity to Cure. In the event any of the following defaults occurs, you will have no right or opportunity to cure the default and this Agreement will terminate effective immediately on our issuance of written notice of termination: voluntary abandonment of your Business; you willfully and materially falsify any report, statement or other written data furnished to us; unauthorized disclosure of confidential information; conviction of you or any personal guarantor of (or pleading no contest to) any felony or offense that brings or tends to bring any of the Trademarks into disrepute or impairs or tends to impair the goodwill of any of the Trademarks; your insolvency or any personal guarantor's insolvency; making an assignment or entering into any similar arrangement for the disposition of assets for the benefit of creditors; any unauthorized assignment or transfer of your Business, this Agreement or the ownership of franchisee; any instance where you willfully deceive clients relative to the source, nature or quality of products or services sold; any default that results from a subsequent audit of your Business conducted within two years of a previous audit and both audits reveal an understatement of 5% or more in financial information provided to us; or any default by you that is the third similar default within any 12 month consecutive period. Furthermore, we may declare this Agreement null and void if you make any material misrepresentation on the franchise application or otherwise relating to the acquisition of the franchise.

3. Immediate Termination After 24 Hours to Cure. In the event that a default under this Agreement occurs that materially impairs the goodwill associated with any of the Trademarks (i) you will have 24 hours after we provide written notice of the default to cure the default; and (ii) the termination will be effective immediately upon our issuance of written notice of termination.

4. Effect of Other Laws. We may terminate this Agreement upon any other ground or by any shorter period of notice (but not less than 30 days except as provided above) as may be permitted from time to time by applicable law or regulation. The provisions of any valid, applicable law or regulation prescribing permissible grounds, cure rights or minimum periods of notice for termination of this franchise will supersede any provision of this Agreement that is less favorable to you than such law or regulation.

#### POST-TERM OBLIGATIONS

12. Upon the expiration or termination of this Agreement:

A. Reversion of Rights. All of your rights to the use of the Trademarks and all other rights and licenses granted in this Agreement and the right and license to conduct your Business under the Trademarks in your Designated Territory will revert to us without further act or deed of any party. All of your right, title and interest in, to and under this Agreement will become our property. You must immediately pay all sums due to us, our affiliates or designees. You must immediately cease all use and display of the Trademarks and of any material copyrighted by us (including without limitation the Manuals and other Confidential Information). You must immediately return to us all copies of the Manuals, any training materials and licensed software.

B. Venues, Display Boards, Leases. We have the right and option, but not the obligation, to take and assume control of the Venues, display boards and the obligations of the



leases for the remaining term under the same terms and conditions, including rental amount, as originally contracted by you. All digital boards are the property of Social Indoor and must be returned in good working order to Us, at your cost, if we choose not to assume control of any or all venues in your territory. Under a termination with no opportunity to cure, if we elect to take and assume control of the Venues and ownership of the display boards, we will have the right to do so without paying any compensation to you.

C. Discontinuation of Trademark Use. Except for any display boards we assume under Subparagraph 12.B, you must promptly, and in any event within 30 days, at your expense, remove or obliterate all signage, displays or other materials in your possession that bear any of the Trademarks or names or material confusingly similar to the Trademarks and so alter the appearance of your Business premises (including motor vehicles, if any) as to differentiate your Business unmistakably from duly licensed **Social Indoor** businesses identified by the Trademarks. You must cease your participation in any **Social Indoor** web site and our intranet system and must discontinue your use of the Trademarks or System on the internet or other online communications. Furthermore, you must not use any of the Trademarks in a derogatory, negative, or other inappropriate manner in any media, including but not limited to print or electronic media. You also must take such action as may be required to cancel all assumed name or equivalent registrations relating to the use of any trade name or Trademarks and notify the telephone company and listing agencies of the termination or expiration of your right to use all telephone numbers of your Business and all classified and other directory listings of your Business and authorize the transfer of such numbers and directory listings to us or as we direct. This agreement by you regarding the telephone numbers and listings is for the benefit of such telephone company serving you. You agree to hold any such telephone company harmless from any and all claims against it arising out of any orders given by us to terminate, transfer or put on referral such telephone service. Notwithstanding the foregoing, in the event of expiration or termination of this Agreement, you will remain liable for your indemnification obligations specified in Subparagraph 10.C or under common law and other obligations pursuant to any applicable lease for your Business premises or otherwise, which by their very nature are intended to survive the expiration or termination of this Agreement.

D. Liquidated Damages. As outlined in Section 6.L, if you abandon or default your **Social Indoor** Business before the end of the initial term or any renewal term of this Agreement you must pay us, as liquidated damages, an amount equal to three (3) years of Continuing License Fees or, if less than 3 years remain in the initial or renewal term, the Continuing License Fee for each month remaining in the term.

#### DISPUTE RESOLUTION; INJUNCTIVE RELIEF

13. We and you agree that the following provisions apply with respect to dispute resolution:

A. Mediation. Except as noted in Section 13.C below, before any party may commence an arbitration proceeding, the parties must first meet to mediate the dispute. The mediation will be held in the city in which our headquarters are located at the time of the mediation. The parties must agree upon a single mediator to mediate the dispute within sixty (60) days after a written demand for mediation is made. If the parties are unable to agree upon a single mediator to mediate the dispute, each party will select a mediator and the two mediators will select a third mediator who will mediate the dispute. Any such mediation will be non-binding.

B. Dispute Resolution Process. If the parties are unable to resolve the dispute through mediation (as outlined in Section 13.A above) and subject to the exceptions noted in Section 13.C below, any claim, suit or demand arising from or related to this Agreement, the

parties' relationship, or your Business must be submitted to binding arbitration under the authority of the Federal Arbitration Act and must be determined by arbitration administered by the American Arbitration Association pursuant to its then-current commercial arbitration rules and procedures. Any arbitration must be on an individual basis and the parties and the arbitrator will have no authority or power to proceed with any claim as a class action or otherwise to join or consolidate any claim with any other claim or any other proceeding involving third parties. In the event a court determines that this limitation on joinder of or class action certification of claims is unenforceable, then this entire commitment to arbitrate will become null and void and the parties must submit all claims to the jurisdiction of the courts. The arbitration must take place in the city where our headquarters is located at the time of the dispute. The arbitrator must follow the law and not disregard the terms of this Agreement. The arbitrator must have at least 5 years of significant experience in franchise law. A judgment may be entered upon the arbitration award by any state or federal court in the state where we maintain our headquarters or the state where your Business is located. The decision of the arbitrator will be final and binding on all parties to the dispute; however, the arbitrator may not under any circumstances: (1) stay the effectiveness of any pending termination of this Agreement; (2) assess punitive or exemplary damages; or (3) make any award which extends, modifies or suspends any lawful term of this Agreement or any reasonable standard of business performance that we set.

C. Exceptions to Mediation and Arbitration. Notwithstanding Section 13.A and 13.B above, the parties agree that the claims set forth in (1) through (3) below will not be subject to mediation or arbitration, and we reserve the right to bring an action to pursue the claims in the Federal District Court for the District of Minnesota or in Hennepin County District Court, Fourth Judicial District, Minneapolis, Minnesota; with both parties hereby agreeing to irrevocably submit themselves to, and consent to, the exclusive jurisdiction of said courts:

1. any action for declaratory or equitable relief, including, without limitation, seeking preliminary or permanent injunctive relief, specific performance, other relief in the nature of equity to enjoin any harm or threat of harm to such party's tangible or intangible property, brought at any time, including, without limitation, prior to or during the pendency of any arbitration proceedings initiated hereunder;
2. any action in ejectment or for possession of any interest in real or personal property; or
3. any action to collect amounts owed to us or any affiliate or to compel you to submit required reports or comply with System standards.

#### ASSIGNMENT BY FRANCHISEE

14. You agree that the following provisions will govern any transfer or proposed transfer by you:

A. Transfers. This Agreement is entered into by us with specific reliance upon your financial qualifications and your personal experience, skills and managerial and financial qualifications as being essential to the satisfactory operation of your Business licensed hereunder. Consequently, neither your interest in this Agreement nor in your Business may be transferred or assigned to or assumed by any other person or entity (the "assignee"), in whole or in part, unless you have first tendered to us the right of first refusal to acquire such interest in accordance with Subparagraph 14.E, and if we fail to exercise such right, unless our prior written consent is obtained

and the transfer conditions described in Subparagraph 14.C are satisfied. Any sale (including installment sale), lease, pledge, management agreement, contract for deed, option agreement, gift or otherwise or any arrangement pursuant to which you turn over all or part of the daily operation of your Business to a person or entity who shares in the losses and/or profits of your Business in a manner other than as an employee will be considered a transfer for purposes of this Agreement.

In the event of your insolvency or the filing of any petition by or against you under any provisions of any bankruptcy or insolvency law, if your legal representative, successor, receiver or trustee desires to succeed to your interest in this Agreement or your Business, such person first must so notify us, must tender the right of first refusal provided for in Subparagraph 14.E, and if we fail to exercise such right, must apply for and obtain our consent to the transfer and satisfy the transfer conditions described in Subparagraph 14.C. In addition, you or the assignee must pay our attorneys' fees and costs incurred in any bankruptcy or insolvency proceeding pertaining to you.

B. Consent to Transfer. We will not unreasonably withhold our consent to transfer, provided that the proposed assignee is, in our reasonable judgment, qualified to provide active supervision over the operation of your Business, the proposed assignee possess sufficient net worth and sources of capital to meet our standards for your Business, and the conditions defined in Subparagraph 14.C are satisfied. Application for our consent to a transfer and tender of the right of first refusal provided for in Subparagraph 14.E must be made by submission of our form of application for consent to transfer, which must be accompanied by the documents (including a copy of the proposed purchase or other transfer agreement) or other information required therein. The application must indicate whether you propose to retain a security interest in the property to be transferred. No such security interest will be created without our prior written consent and except upon conditions acceptable to us. Any agreement used in connection with a transfer will be subject to our prior written approval, which approval will not be withheld unreasonably. You immediately must notify us of any proposed transfer hereunder and must submit promptly to us the application for consent to transfer. Any attempted transfer by you without our prior written consent or otherwise not in compliance with the terms of this Agreement will be void and will give us the right to either terminate this Agreement or to collect from you a transfer fee equal to two times the transfer fee provided for in this Agreement.

C. Conditions of Transfer. Whether the transfer be to an individual, a corporation, a partnership or to any other entity, the following provisions apply:

1. We may condition our consent to any proposed transfer upon the following:
  - (a) all of your obligations in connection with your Business have been assumed by the assignee;
  - (b) all of your ascertained or liquidated debts in connection with your Business, including all amounts owed to us or any of our affiliates or your suppliers have been paid in full;
  - (c) you are not in default under any provision of this Agreement;
  - (d) the assignee has completed the training program required of new franchisees;

(e) you have paid \$7,500 as a transfer fee for assignee's training (which includes training up to 2 people) PLUS reimbursement to us for our reasonable legal and accounting fees, credit and investigation charges and expenses incurred as a consequence of such assignment. If the transferee is a person or entity that was referred to us as a potential franchisee by a broker organization under terms that require us to pay a referral fee to the broker organization if the transferee signs a Franchise Agreement with us, you agree that you or the assignee will pay us the total broker referral fee we are required to pay before the franchise is transferred;

(f) assignee signs our then-current form of franchise agreement, which is modified to reflect the remaining term under this Agreement and the current minimum venue requirements as specified under this Agreement;

(g) you and all personal guarantors execute a general release in our favor;

(h) you and all personal guarantors agree to comply with the covenant not to compete set forth in Subparagraph 10.D of this Agreement; and

(i) in the case of an installment sale, if you or any principal owner proposes to retain a security interest or other financial interest in the Franchise Agreement or your Business operated thereunder (with our consent), you or such principal owner agrees to guarantee the performance of the Franchise Agreement until the final close of the installment sale or the termination of such interest, as the case may be.

(j) Your assignee understands that all digital display boards are the property of Social Indoor.

2. Notwithstanding the conditions stated in subparagraph 14.C.1 above, if you are an individual franchisee, you may assign the franchise to a corporation or other similar entity in which you own all of the issued and outstanding capital stock provided that:

(a) the principal owner or a manager approved by us actively manages your Business and continues to devote the individual's best efforts and full and exclusive time to the day-to-day operation and development of your Business;

(b) the corporation or other similar entity is newly organized, and its activities are confined exclusively to acting as the franchisee under this Agreement;

(c) the corporation or other similar entity executes a document in a form approved by us in which it agrees to become a party to and be bound by all the provisions of this Agreement;

(d) the principal owner remains personally liable in all respects under this Agreement and executes on a form approved by us a personal

guarantee and agreement not to sell, assign, pledge, mortgage or otherwise transfer or encumber the stock; and

(e) all stock certificates representing shares in the corporation bear a legend that they are subject to the terms of this Agreement.

3. We may require you to prepare and furnish to assignee and/or to us such financial reports and other data relating to your Business and its operations as we, in our sole judgment, may deem necessary or appropriate for assignee and/or us to evaluate your Business and the proposed transfer. You agree that we have the right to confer with proposed assignees and furnish them with information concerning your Business and proposed transfer without being held liable to you, except for intentional misstatements made to the assignee. Any such information we furnish to proposed assignees is for the sole purpose of permitting the assignees to evaluate your Business and proposed transfer and must not be construed in any manner or form whatsoever as an earnings claim or claims of success or failure.

D. Death, Disability or Incapacity. If any individual franchisee dies or becomes disabled or incapacitated and the decedent's or disabled or incapacitated person's heir or successor-in-interest wishes to continue as a franchisee hereunder, the person or entity must apply for our consent, successfully complete our training program, and pay the applicable transfer fee, all in accordance with this Paragraph 14 as in any other case of a proposed transfer. If the assignee of the decedent or disabled or incapacitated person is the spouse or child of such person, no transfer fee will be payable to us.

E. Right of First Refusal. If you propose to transfer or assign this Agreement or your interest herein or in your Business, in whole or in part, to any third party, you first must offer to sell to us your interest as provided herein. In the event of a bona fide offer from such third party, you must obtain from the third-party offeror and deliver to us a statement in writing, signed by the offeror and by you, of the terms of the offer. In the event of (i) a transfer or assignment of stock or similar ownership interests in you or (ii) your or a personal guarantor's insolvency or the filing of any petition by or against you or a personal guarantor under any provisions of any bankruptcy or insolvency law, our offer will be to purchase your interest in this Agreement and your Business. An amount and terms of purchase must be established by a qualified appraiser selected by you and us. If the parties cannot agree upon the selection of an appraiser, one will be appointed by the American Arbitration Association upon petition of either you or us to appoint an appraiser to establish such price in accordance with the rules and procedures of the Association. You or your legal representative must deliver to us a statement in writing incorporating the appraiser's report.

We will have 30 days from our receipt of the statement setting forth the third-party offer or the appraiser's report to accept the offer by delivering written notice of acceptance to you. The acceptance will be on the same price and terms set forth in the statement delivered to us; provided, however, we will have the right to substitute equivalent cash for any noncash consideration included in the offer. If we fail to accept the offer within the 30-day period, you will be free for 6 months from the date the offer was submitted to us to effect the disposition described in the statement delivered to us; provided the transfer is not at a lower price or with more favorable terms than have been offered to us and is otherwise in accordance with this Paragraph 14. If the disposition is not closed within the six-month period with the proposed assignee, then you must reoffer to sell to us prior to the sale to a third party. You may effect no other sale or assignment of you, this Agreement or your Business without first offering the same to us in accordance with this Subparagraph 14.E.

## ASSIGNMENT BY FRANCHISOR

15. The parties hereby agree that Franchisor has the right to sell or assign, in whole or in part, our interest in this Agreement. Any such sale or assignment will inure to the benefit of any assignee or other legal successor.

## GENERAL PROVISIONS

16. The parties hereby agree to the following provisions:

A. Severability. Should one or more clauses of this Agreement be held void or unenforceable for any reason by any court of competent jurisdiction, such clause or clauses will be deemed to be separable in such jurisdiction and the remainder of this Agreement will be deemed to be valid and in full force and effect and the terms of this Agreement will be equitably adjusted so as to compensate the appropriate party for any consideration lost because of the elimination of such clause or clauses. It is the intent and expectation of each of the parties that each provision of this Agreement will be honored, carried out and enforced as written. Consequently, each of the parties agrees that any provision of this Agreement sought to be enforced in any proceeding hereunder will, at the election of the party seeking enforcement and notwithstanding the availability of an adequate remedy at law, be enforced by specific performance or any other equitable remedy.

B. Waiver/Integration. Except as set forth in Subparagraph 13.C, no waiver by either party of any breach by the other party, nor any delay or failure by either party to enforce any provision of this Agreement, will be deemed to be a waiver of any other or subsequent breach or be deemed an estoppel to enforce the non-breaching party's rights with respect to that or any other or subsequent breach. Subject to our rights to modify Appendices and/or System standards and requirements and as otherwise provided herein, this Agreement may not be waived, altered or rescinded, in whole or in part, except by a writing signed by you and us. This Agreement together with any addenda and appendices hereto constitute the sole agreement between you and us with respect to the entire subject matter of this Agreement and embody all prior agreements and negotiations with respect to your Business authorized hereunder. Nothing in this or in any related agreement, however, is intended to disclaim the representations we made in the franchise disclosure document that we furnished to you. You acknowledge and agree that you have not received any warranty or guarantee, express or implied, as to the potential volume, profits or success of your Business. There are no representations or warranties of any kind, express or implied, except as contained herein and in the Franchise Disclosure Document.

C. Notices. Except as otherwise provided in this Agreement, any notice, demand or communication provided for herein must be signed by the party serving the same and either delivered personally or by a reputable overnight service or deposited in the United States mail, service or postage prepaid, and if such notice is a notice of default or of termination, by registered or certified mail, and forwarded to the address specified on page 1 of this Agreement or to such other address as may have been designated by notice to the other party. Notices for purposes of this Agreement will be deemed to have been received if mailed or delivered as provided in this Subparagraph.

D. Authority. Any modification, consent, approval, authorization or waiver granted hereunder required to be effective by signature will be valid only if in writing executed by you or, if on behalf of us, in writing executed by our President. You must neither create nor purport to create any obligation on behalf of us, nor agree to any other term, condition, or covenant that is inconsistent with any provision of this Agreement.

E. References. If a franchisee consists of two or more individuals, such individuals will be jointly and severally liable, and references to the franchisee in this Agreement include all such individuals. Headings and captions contained herein are for convenience of reference and must not be taken into account in construing or interpreting this Agreement.

F. Guarantee. All principal owners (those who own in excess of 10% of the equity of the franchise company) of a franchisee that is a corporation, partnership or other entity must execute the form of undertaking and guarantee at the end of this Agreement. Each such person is considered a personal guarantor of the franchisee's obligations as noted in the undertaking and guarantee. Any person or entity that at any time after the date of this Agreement becomes a principal owner of the franchisee must, as a condition of becoming a principal owner, execute the form of undertaking and guarantee at the end of this Agreement.

G. Relationship of Parties. You are and will be considered an independent contractor with control and direction of your Business and operations, subject to the conditions and obligations established by this Agreement. No agency, employment, or fiduciary relationship is created by this Agreement. Your Business is separate and apart from any that we may operate. Neither party to this Agreement may make any representations tending to create apparent agency, employment, or partnership.

H. Successors/Assigns. Subject to the terms of Paragraphs 14 and 15, this Agreement is binding upon and inures to the benefit of the administrators, executors, heirs, successors and assigns of the parties.

I. Interpretation of Rights and Obligations. The following provisions will apply to and govern the interpretation of this Agreement, the parties' rights under this Agreement, and the relationship between the parties:

1. Applicable Law. Except to the extent governed by the United States Trademark Act of 1946, as amended (Lanham Act, 15 U.S.C. Section 1051 et seq.), this Agreement is governed by and interpreted in accordance with the laws of the state in which your Designated Territory is located. You expressly waive any rights or protections you have or may have under any statute or law of any other state to the fullest extent permitted by law. This Agreement may be deemed to be amended from time to time as may be necessary to bring any of its provisions into conformity with valid applicable laws or regulations.

2. Our Rights. Whenever this Agreement provides that we have a certain right, that right is absolute, and the parties intend that our exercise of that right will not be subject to any limitation or review. We have the right to operate, administrate, develop, and change the System in any manner that is not specifically precluded by the provisions of this Agreement.

3. Our Reasonable Business Judgment. Whenever we reserve or are deemed to have reserved discretion in a particular Designated Territory or where we agree or are deemed to be required to exercise our rights reasonably or in good faith, we will satisfy our obligations whenever we exercise Reasonable Business Judgment in making our decision or exercising our rights. A decision or action by us will be deemed to be the result of Reasonable Business Judgment, even if other reasonable or even arguably preferable alternatives are available, if our decision or action is intended, in whole or significant part, to promote or benefit the System generally even if the decision or action also promotes a financial or other individual interest of us. Examples of items that will promote or benefit

the System include enhancing the value of the Trademarks, improving customer service and satisfaction, improving product quality, improving uniformity, enhancing or encouraging modernization, and improving the competitive position of the System.

J. Attorneys' Fees. The prevailing party in any legal proceeding before a court, arbitrators or other tribunal to enforce the terms and provisions of this Agreement will be entitled to recover its reasonable attorneys' fees and costs. This Subparagraph 16.J will survive termination or expiration of this Agreement under any circumstances.

K. **JURY WAIVER.** THE PARTIES (AND THEIR RESPECTIVE OWNERS AND PERSONAL GUARANTORS, IF APPLICABLE) HEREBY WAIVE ANY AND ALL RIGHTS TO A TRIAL BY JURY IN CONNECTION WITH THE ENFORCEMENT OR INTERPRETATION BY JUDICIAL PROCESS OF ANY PROVISION OF THIS AGREEMENT, AND IN CONNECTION WITH ALLEGATIONS OF STATE OR FEDERAL STATUTORY VIOLATIONS, FRAUD, MISREPRESENTATION OR SIMILAR CAUSES OF ACTION OR ANY LEGAL ACTION INITIATED FOR THE RECOVERY OF DAMAGES FOR BREACH OF THIS AGREEMENT.

L. **WAIVER OF PUNITIVE DAMAGES.** THE PARTIES (AND THEIR RESPECTIVE OWNERS AND PERSONAL GUARANTORS, IF APPLICABLE) HEREBY WAIVE, TO THE FULLEST EXTENT PERMITTED BY LAW, THE RIGHT TO OR CLAIM FOR ANY PUNITIVE OR EXEMPLARY DAMAGES AGAINST THE OTHER AND AGREE THAT IN THE EVENT OF A DISPUTE BETWEEN THEM, EACH WILL BE LIMITED TO THE RECOVERY OF ACTUAL DAMAGES SUSTAINED BY IT.

M. Acts Beyond Control of Parties. In the event of any failure of performance of this Agreement according to its terms by any party the same will not be deemed a breach of this Agreement if it arose from a cause beyond the control of and without the negligence of the party. Such causes include strikes, wars, riots, and acts of government except as may be specifically provided for elsewhere in this Agreement.

N. Notice of Potential Franchisor Profit. We hereby advise you that we and/or our affiliates may from time to time make available to you goods, products and/or services for use in your Business on the sale of which we and/or our affiliates may make a profit. We further advise you that we and/or our affiliates may from time to time receive consideration from suppliers and/or vendors in respect to sales of goods, products or services to you or in consideration of services rendered or rights licensed to such persons. You agree that we and/or our affiliates are entitled to said profits and/or consideration.

O. Effective Date. We will designate the "Effective Date" of this Agreement in the space provided on the cover page. If no Effective Date is designated on the cover page, the Effective Date is the date when we sign this Agreement.

P. Business Opening Date. The Business Opening Date is \_\_\_\_\_.

IN WITNESS WHEREOF, the parties have executed this Franchise Agreement on the date first noted above.



YOU: \_\_\_\_\_

YOU: \_\_\_\_\_

By \_\_\_\_\_  
Its \_\_\_\_\_

By \_\_\_\_\_  
Its \_\_\_\_\_

YOU: \_\_\_\_\_

WE: SOCIAL INDOOR FRANCHISING,  
LLC

By \_\_\_\_\_  
Its \_\_\_\_\_

By \_\_\_\_\_  
Its \_\_\_\_\_

PERSONAL GUARANTEE AND AGREEMENT TO BE BOUND  
PERSONALLY, BY THE TERMS AND CONDITIONS  
OF THE FRANCHISE AGREEMENT

In consideration of the execution of this Franchise Agreement by us, and for other good and valuable consideration, the undersigned, for themselves, their heirs, successors, and assigns, do jointly, individually and severally hereby become surety and guarantor for the payment of all amounts and the performance of the covenants, terms and conditions in this Franchise Agreement, to be paid, kept and performed by the franchisee, including without limitation the arbitration and other dispute resolution provisions of the Agreement.

Further, the undersigned, individually and jointly, hereby agree to be personally bound by each and every condition and term contained in this Franchise Agreement including, the noncompete restrictions outlined in Section 10.D and the dispute resolution process outlined in Section 13, and agree that this personal Guarantee should be construed as though the undersigned and each of them executed a Franchise Agreement containing the identical terms and conditions of this Franchise Agreement.

The undersigned waives: (1) notice of demand for payment of any indebtedness or nonperformance of any obligations hereby guaranteed; (2) protest and notice of default to any party respecting the indebtedness or nonperformance of any obligations hereby guaranteed; and (3) any right he/she may have to require that an action be brought against the franchisee or any other person as a condition of liability.

In addition, the undersigned consents and agrees that: (1) the undersigned's liability will not be contingent or conditioned upon our pursuit of any remedies against the franchisee or any other person; and (2) such liability will not be diminished, relieved or otherwise affected by the franchisee's insolvency, bankruptcy or reorganization, the invalidity, illegality or unenforceability of all or any part of the Agreement, or the amendment or extension of the Agreement with or without notice to the undersigned.

It is further understood and agreed by the undersigned that the provisions, covenants, and conditions of this Guarantee will inure to the benefit of the successors and assigns of us.

PERSONAL GUARANTORS

\_\_\_\_\_  
Individually – insert name here

\_\_\_\_\_  
Individually - insert name here

\_\_\_\_\_  
Address

\_\_\_\_\_  
Address

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

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

\_\_\_\_\_  
Telephone

\_\_\_\_\_  
Telephone

---

Individually – insert name here

---

Address

---

City                      State                      Zip Code

---

Telephone

---

Individually - insert name here

---

Address

---

City                      State                      Zip Code

---

Telephone

Appendix A to the Franchise Agreement

**Trademarks and Product Offerings**

You have the right to use the following Trademarks in accordance with the attached Franchise Agreement:

Principal Register of the United States Patent and Trademark Office:

Trademark: SOCIAL INDOOR  
Reg. No.: 88305831  
Reg. Date: Feb 18<sup>th</sup>, 2019

Trademark: SOCIAL INDOOR and Design  
Reg. No.: 88305812  
Reg. Date: Feb 18<sup>th</sup>, 2019

The above Trademarks must be used only in the manner that we specify. No deviations will be permitted.

You have the right to offer the following products in accordance with the terms and conditions set forth in the attached Franchise Agreement and our Manuals:

Indoor Print and Indoor Digital Advertising at the Venues identified in the Manuals limited to your specific territory unless otherwise specified in the franchise agreement. You may NOT sell any National accounts any advertising at this time of this agreement.

Only Social Indoor approved digital monitors from an approved Social Indoor vendor may be used for a digital solution. That partner, currently, is Touch International.

We may amend this Appendix from time to time in order to make available additional Trademarks or product offerings or to delete those Trademarks or product offerings that become unavailable. You agree to use only those Trademarks and offer those products that are then currently authorized for use in your Business.

*Remainder of this page is left intentionally blank*

*Signature page to follow*

YOU: \_\_\_\_\_

YOU: \_\_\_\_\_

By \_\_\_\_\_  
Its \_\_\_\_\_

By \_\_\_\_\_  
Its \_\_\_\_\_

YOU: \_\_\_\_\_

WE: SOCIAL INDOOR FRANCHISING,  
LLC

By \_\_\_\_\_  
Its \_\_\_\_\_

By \_\_\_\_\_  
Its \_\_\_\_\_

Appendix B to the Franchise Agreement

**Designated Territory, Total Franchise Price, and Do Not Call List for National Accounts**

As stated in Subparagraph 2.A of the Franchise Agreement, subject to the terms and conditions of the Franchise Agreement, the Designated Territory in which you will conduct your Business shall be defined as follows: \_\_\_\_\_

---

---

---

---

---

---

---

---

---

---

The Designated Territory shall be considered fixed as of the date of the Franchise Agreement.

Population of your Designated Territory (current as of the effective date of the Franchise Agreement and 2022/2023 census data): \_\_\_\_\_. A base franchise license fee in the amount of \$40,000 is assessed and given the overall population, there is an additional fee depending on the size of the territory, for a total franchise fee of \_\_\_\_\_ due at signing.

**Insert Drawing of Designated Territory if needed**

Or attach zip code list if necessary.

**Do Not Call List**

List to be provided within 90 days of execution of this Agreement and may be subject to change in the sole discretion of the Franchisor.

**Minimum Monitor Requirements**

**Minimum Monitor or Print Display Requirements**

Population	0 - 150,000	150,000- 200,000	200,001- 250,000	250,001- 300,000	300,001- 400,000	400,001- 500,000	500,001- 600,000	600,001- 800,000	800,000- 1.2M
Years	1	1	1	1	1	1	1	1	1
Monitors	72	72	72	72	72	72	108	108	108
Population	0 - 150,000	150,000- 200,000	200,001 -250,000	250,001- 300,000	300,001- 450,000	400,001- 500,000	500,001- 600,000	600,001- 800,000	800,000- 1.2M
Years	2	2	2	2	2	2	2	2	2
Monitors	108	108	108	108	108	108	144	144	144
Population	0 - 150,000	150,000- 200,000	200,001- 250,000	250,001- 300,000	300,001- 350,000	400,001- 500,000	500,001- 600,000	600,001- 800,000	800,000- 1.2M
Years	3	3	3	3	3	3	3	3	3
Monitors	108	108	108	144	144	144	180	180	180

Expected Monitor or Print Display Increase of 5 – 15% years 4+

Your rights under the Franchise Agreement are conditioned upon your active and continuous development of your Business in your Designated Territory, as further set forth in Subparagraph 2.C. of the Franchise Agreement. The table above identifies your yearly Minimum Monitor or Print Display Requirements for the initial term of the Franchise Agreement.

You acknowledge and agree that your failure to meet the Minimum Monitor or Print Display Requirements is subject to the default and termination provisions of Paragraph 11.

*Remainder of this page is left intentionally blank*

*Signature page to follow*

YOU: \_\_\_\_\_

YOU: \_\_\_\_\_

By \_\_\_\_\_  
Its \_\_\_\_\_

By \_\_\_\_\_  
Its \_\_\_\_\_

YOU: \_\_\_\_\_

WE: SOCIAL INDOOR FRANCHISING,  
LLC

By \_\_\_\_\_  
Its \_\_\_\_\_

By \_\_\_\_\_  
Its \_\_\_\_\_



Appendix C to the Franchise Agreement

**Revenue Sharing**

This Appendix details the obligations and the payment terms associated with Cross Sales and National Account Sales. We may amend this Appendix C from time to time upon 60 days' notice. The revised Appendix C may contain different obligations and payment terms.

**A. Cross Sales**

The Originating franchisee (or Social Indoor corporate market) shall retain 50% of the advertising space rental fee, as well as 100% of all ad creation and/or production fees. The Receiving franchisee(s) (or Social Indoor corporate market(s)) shall receive 50% of the advertising space rental fee. The Originating franchisee shall be subject to 6% cash or 3% trade royalty fees on 100% of the advertising space rental fee.

**B. National Account Sale of Indoor Print and Indoor Digital Advertising from AllOver Media (AOM) or other authorized provider placed into your Designated Territory.**

**Print:**

If you accept a National Account or Government Sale and place the advertisement(s) in your Designated Territory in accordance with our requirements and specifications, we will pay you the greater of: (i) 50% of the ASR sale, or \$18 per ad if the ad is 17" x 11", or \$36 per ad if the ad is 17" x 22" or 17" x 33".

**Digital:**

For an Indoor Digital Advertisement through Social Indoor Digital Network

(1) the greater of: 50% of the ASR sale or

For an indoor digital ad that is placed for less than twenty-eight (28) calendar days with a minimum of 25 digital boards,

- \$2 per day if ad is 7.5 second indoor digital ad
- \$4 per day if ad is 15 second indoor digital ad

An indoor digital ad that is placed for more than 28 days (28.01) days

- \$25 per month if ad is 7.5 second indoor digital ad
- \$50 per month if ad is 15 second indoor digital ad

Currently, our franchisees cannot sell to National accounts or National or regional government accounts as defined by your 'Do Not Call list' referenced by Appendix B of the franchise agreement. Any National or Government business that comes from AllOver Media or other authorized provider must be facilitated by Social Indoor, LLC. If you choose not to place a national account ad, government ad, or fail to meet our standards and requirements, including securing the necessary venues, we reserve the right to enter your Designated Territory to secure and lease those venues necessary to fulfill the National Account Sale and we will not pay you any compensation in connection with any declined National Account Sale. If you accept a National Account Sale but fail to meet our standards and requirements in connection with placing

the National Account Sale, such action will constitute a default of your Franchise Agreement. We also will not be required to pay you any compensation and may require you to pay us for all direct costs we incur related to your failure to secure the venues.

**C. Programmatic Sale.** Upon a Regional or National programmatic sale, Social indoor retains 66% and local franchisee receives 34% of the net dollars received for the sale.

**D. Other Remaining Arrangements.**

We will establish the payment terms on any other remaining arrangements and provide you written notice of the terms prior to the sale.

For example, from time to time, we may offer a “Remnant Space” advertisement in your Designated Territory. A Remnant Space advertisement program is an advertisement at a discounted rate that is sold to a client based on variable terms and conditions. You will not be obligated to participate in such program if offered to you. If you decline a Remnant Space advertisement, we will not place the ad in your Designated Territory and your decision to decline a Remnant Space advertisement will not be a default of the Franchise Agreement. If you accept a Remnant Space advertisement, you must place the ad in accordance with the terms and conditions that accompany that particular Remnant Space advertisement. If you accept a Remnant Space advertisement but fail to place the ad in accordance with the ad’s terms and conditions, such action will constitute a default of your Franchise Agreement and we will not be obligated to pay you any compensation until such terms and conditions have been satisfied.

If a bonus month is included in or added to the National Account Sale and such a bonus month is only requested pursuant to space availability, then no additional compensation will be paid to you for the bonus month and there will be no obligation for you to post the bonus month; if a bonus month is included in or added to the National Account Sale and we require you to place advertisements during the bonus month in order to fulfill the National Account Sale, we will pay you for the bonus month per the terms of the National Account Sale pursuant to the revenue sharing terms contained in this Appendix C.

**E. Guidelines for all transactions.**

If an advertising agency is involved in the transaction, then the percentages in this Appendix C will be based off of the net sales amount received after the advertising agency has been paid. (Typically, an agency fee is 15% of the ASR.)

All National Account Sales will be processed in accordance with our system standards and proof of performance guidelines.

If you have any outstanding balance with us, then we reserve the right to retain 100% of every \$1.00 on the percentage split you receive for a Cross Sale, Programmatic Sale, or National Account Sale placement. The amount retained by us will be applied to any outstanding balance owed by you.

We reserve the right to deem whether or not a production charge is excessive for all transactions and can modify the production charge, if necessary. For instance, we may place a portion of the production charge back into the overall ASR.

Appendix D to the Franchise Agreement

**Draft Authorization**

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

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

Attention: Bookkeeping Department

The undersigned hereby authorizes Social Indoor Franchising, LLC, or any affiliated entity of the above, to initiate ACH debit entries against the account of the undersigned with you in payment of amounts which become payable for goods and services by the undersigned to any of the above.

Subject to the provisions of this letter of authorization, you are hereby directed to honor any such ACH debit entry initiated by any or all of the corporations referred to above.

This authorization shall be binding and remain in full force and effect until 90 days prior written notice has been given to you by the undersigned. The undersigned is responsible for, and must pay on demand, all costs or charges relating to the handling of ACH debit entries pursuant to this letter of authorization.

Please honor ACH debit entries initiated in accordance with the terms of this letter of authorization, subject to there being sufficient funds in the undersigned's account to cover such ACH debit entries.

**\*\*\* We also need a VOIDED Check (may bring to training) \*\*\***

\_\_\_\_\_  
Bank Name

\_\_\_\_\_  
Account Name

\_\_\_\_\_  
Branch

\_\_\_\_\_  
Street Address

\_\_\_\_\_  
Street Address

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

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

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

\_\_\_\_\_  
Bank Telephone Number

By \_\_\_\_\_

\_\_\_\_\_  
Bank's Account Number

Its \_\_\_\_\_

\_\_\_\_\_  
Customer's Account Number

Date \_\_\_\_\_

## Appendix E

### SOFTWARE LICENSE AGREEMENT

This SOFTWARE LICENSE AGREEMENT (this “Agreement”) is entered into effective as of the \_\_\_\_\_ (the “Effective Date”), by and between Social Indoor Franchising, LLC (the “Franchisor” or “we”), a Minnesota limited liability company, and \_\_\_\_\_ a(n) \_\_\_\_\_ (the “Franchisee” or “you”).

#### RECITALS

You and we are parties to a Franchise Agreement entered into on or before the date of this Agreement (the “Franchise Agreement”) pursuant to which you operate or will operate your Business.

We have developed computer software which operates a business management system used in connection with the operation of your Business, and which is provided to you in object code only and includes all documentation, user manuals, and other related materials, whether in machine-readable or printed form, as well as all error corrections enhancements, modifications and updates (the “Software”).

You desire to obtain and pay monthly for a license to use the Software in connection with the operation of your Business. The monthly cost is currently \$400 per month.

#### 1. Definitions.

Terms not otherwise defined in this Agreement shall have the meaning given to them in the Franchise Agreement.

#### 2. Grant of License.

We hereby grant to you a non-exclusive and non-transferable license to use one copy of the Software at each Business Location, subject to the terms and conditions of this Agreement. You are strictly prohibited from using the Software (a) at any location other than the Business location, (b) for any purpose other than supporting the operation of your Business, or (c) after the expiration or termination of this Agreement.

#### 3. Hardware and Third-Party Software.

Prior to or concurrently with delivery of the Software, you will acquire, at your sole expense, the compatible computer hardware and peripheral equipment, operating system software, database software, and other computer hardware and software required by us to support the operation of the Software. You are also responsible to acquire and maintain, at your sole expense, all other hardware or third-party software required by us during the term of this Agreement for the support of the Software or the operation of your Business. You acknowledge that future upgrades in hardware and third-party software may be required to operate the Software which may result in additional costs or fees payable by you.

#### 4. Maintenance and Support Services.

We will provide maintenance and support services for the Software in accordance with our Support Policy as the same may exist from time to time. We reserve the right to change the Support Policy at any time, in our sole discretion. You will be provided with written notice of any material change in the Support Policy prior to any such change taking effect.

5.       Reproduction and Modification of Software.

You may reproduce the Software for use at the Business Location only as necessary for back-up, archival, maintenance or disaster relief purposes in connection with the operation of your Business. You will not have more than three back-up copies of the Software in your possession at any one time. All copies of the Software, or any portions thereof, will contain all of our restrictive and proprietary notices as they appear on the copy of the Software provided by us. You may not duplicate, in whole or in part, any manuals or other documentation relating to the Software without our prior written consent, nor modify, change or add to the Software except with our prior written consent.

6.       Ownership.

We retain all title and ownership to the Software, including all patents, copyrights, trade secrets and other intellectual property rights in the Software.

7.       Confidential Information.

You agree that the Software is confidential and proprietary information to us and that its unauthorized disclosure will cause us irreparable harm. You agree not to disclose the Software or make the Software available to anyone other than your employees or contractors without prior written consent. You will exercise reasonable care to protect the Software from unauthorized disclosure and will take reasonable steps to ensure that your employees and contractors do not disclose it in violation of this Agreement. You will be liable to us for damages if you are negligent in failing to protect the Software in accordance with this Agreement. YOU HAVE NO RIGHT TO AND WILL NOT DISASSEMBLE, DECOMPILE, OR REVERSE ENGINEER THE SOFTWARE UNDER ANY CIRCUMSTANCES.

8.       Access to Software and Information.

We will at all times have the right to access the Software by modem, print-out of data or other means, for purposes of obtaining financial, sales, customer, listing, business, supplier and all other data and information contained, resident or otherwise available in your Computer System, for purposes of verifying your compliance with the terms of this Agreement and/or the Franchise Agreement, and for such other purposes as we may determine in our sole discretion. We have the right to retain and use any information obtained by accessing the Software for any purposes deemed appropriate by us in our sole discretion.

9.       Limited Warranty.

We warrant that the Software supplied to you will be free from defects in material and/or workmanship for the term of your agreement. Our sole obligation to you and your exclusive remedy in the event of a default will be to replace the defective copy of the Software provided to you. WE EXPRESSLY DISCLAIM ALL OTHER WARRANTIES, GUARANTEES OR REMEDIES, WHETHER EXPRESS, IMPLIED, OR STATUTORY, INCLUDING ANY IMPLIED WARRANTY OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR PERFORMANCE. We do not warrant that the Software will meet your requirements, operate without interruption, or be error free.

10.      Limitation of Liability.

UNDER NO CIRCUMSTANCES WILL WE BE LIABLE FOR DAMAGES FOR LOSS OF DATA, REPROCUREMENT COSTS, LOST REVENUE OR PROFITS, INTERRUPTION OF YOUR

BUSINESS OPERATIONS, OR FOR ANY OTHER SPECIAL, INCIDENTAL OR CONSEQUENTIAL DAMAGES EVEN IF THEY WERE FORESEEABLE OR IF YOU INFORMED US OF SUCH POTENTIAL DAMAGES. Our total liability to you for damages under this Agreement will in no event exceed \$100.

11. Indemnification.

We will defend you against any claims or actions alleging that the Software infringes on any United States patent or copyright, provided that you give us prompt written notice of any claim and cooperate fully with us in such defense. We will have the sole authority to control the case and any related settlement negotiations, and will pay all costs, damages and attorney's fees awarded by any Court of competent jurisdiction as a result of such claim. If, in our opinion, the Software or any component of the Software is likely to become the subject of a claim, we will have the right, at our sole option and expense, to either secure the right to continue using the Software or replace or modify the Software so that it becomes non-infringing without materially affecting your ability to use it. If neither of these alternatives is available on terms which we deem to be reasonable, then you will return the Software to us upon our request, and we will have no further obligations to you with regard to the Software. We are not obligated to you under this section for any claim which arises as a result of or relates to (a) your modification of the Software; (b) our compliance with your specifications or instructions in connection with providing maintenance or support services; (c) the combination, interfacing or interconnection of the Software with any other product, device or system that we do not supply or designate; or (d) any claims of infringement relating to any computer software other than the Software, including any claims relating to any operating system used to support the operation of the Software.

12. Assignment.

You may not sell, assign or transfer this Agreement or the Software unless (a) the assignment is made in connection with the sale, assignment or transfer of your Business pursuant to and in accordance with the terms and conditions of the Franchise Agreement, and (b) the assignment has been approved by us in writing. If we give you authorization to transfer this Agreement and the Software license granted hereunder, the assignee must agree to accept the terms and conditions of this Agreement or sign our then-current License Agreement, at our option, and you must destroy any copy of the Software that you do not transfer. We have the right to sell, assign, or transfer this Agreement under this Agreement to any related or affiliated company, to a successor in interest, and/or to any other transferee without your approval or consent. We will give you written notice of any sale, assignment or transfer of this Agreement or any rights under this Agreement within 60 days after the closing date of the transaction.

13. Default.

The following occurrences will constitute an "Event of Default" under this Agreement:

- (a) You breach or are in default of any other provision of this Agreement and such breach or default is not corrected within 30 days after we give you written notice of the breach or default; or
- (b) You are in default of any of your obligations under the Franchise Agreement and fail to correct such default in accordance with the terms and conditions of the Franchise Agreement.

14. Remedies Upon Default.

Upon the occurrence of any Event of Default, we will have the right to exercise any or all of the following rights and remedies:

- (a) Terminate this Agreement;
- (b) Declare all amounts owed to us pursuant to this Agreement to be immediately due and payable;
- (c) Require that you cease use of the Software and immediately return the Software to us;
- (d) Cease performance of all of our obligations under this Agreement without liability to you; and/or
- (e) Use computer hardware and/or computer software to render the Software unusable to you.

15. Termination.

In addition to any other termination rights of a party under any provision of this Agreement, this Agreement shall automatically terminate upon termination or expiration of the Franchise Agreement for any reason. Upon termination, you will immediately cease use of the Software and destroy or return to us all copies of the Software in your possession or control.

16. Sole Agreement; Modification.

This Agreement is the sole agreement between us relating to the subject matter hereof and supersedes all prior understandings, writings, proposals, representations, or communications, oral or written, of either party. This Agreement may be amended only by a writing executed by the party against whom enforcement is sought.

17. Governing Law.

This Agreement will be interpreted in accordance with the substantive laws of the state in which your Business is located.

18. Costs and Attorneys' Fees.

You will indemnify us for all costs that we incur in any lawsuit or proceeding to enforce this Agreement including, without limitation, actual attorneys' fees, expert witness fees, investigation costs, court costs, litigation expenses, travel and living expenses, and all other costs incurred by us.

19. Severability.

All provisions of this Agreement are severable, and this Agreement will be interpreted and enforced as if all completely invalid or unenforceable provisions were not contained herein and partially valid and enforceable provisions will be enforced to the extent valid and enforceable. If any applicable law or rule of any jurisdiction requires a greater prior notice of the termination of this Agreement than is required or the taking of some other action not required, or if under any applicable law or rule of any jurisdiction, any provision of this Agreement is invalid or unenforceable, the prior notice or other action required by such law or rule will be substituted for the notice requirements hereof, or such invalid or unenforceable provision will be modified to the extent required to be valid and enforceable. Such modifications to this Agreement will be effective only in such jurisdiction and will be enforced as originally made and entered into in all other jurisdictions.

20. Waiver; Consent.

Either party may, by written instrument signed by both parties, waive any obligation of or restriction upon the other under this Agreement. Acceptance by us of any payment from you and the failure, refusal or neglect of us to exercise any right under this Agreement or to insist upon full compliance by you of your obligations will not constitute a waiver by us of any provision of this Agreement and will not be construed to prohibit us from enforcing any provision at a later time. Whenever this Agreement requires our prior written consent, such consent may be withheld by us for any reason whatever, in our sole discretion.

21. No Rights of Offset.

You will not, on grounds of the alleged non-performance by us of any of our obligations or for any other reason, withhold payments due to us pursuant to this Agreement, the Franchise Agreement, or pursuant to any other contract, agreement, or obligation between us. You will not have the right to “offset” any liquidated or unliquidated amounts, damages, or other funds allegedly due to you by us against any payments due to us under this Agreement.

22. Rights Cumulative.

Our rights under this Agreement are cumulative and no exercise or enforcement by us of any right or remedy will preclude the exercise or enforcement by us of any other right or remedy which we are entitled by law to enforce.

23. Jurisdiction; Venue.

All litigation, court hearings, arbitration or other proceedings initiated by either of us against the other will be initiated, venued and maintained in strict accordance with the corresponding applicable provisions of the Franchise Agreement (and any applicable State Addendum to the Franchise Agreement).

24. Binding Agreement.

This Agreement is binding upon the parties hereto and our respective executors, administrators, heirs, assigns and successors in interest.

25. Headings.

The headings used in this Agreement are for convenience only and do not in any way define, limit or construe the contents hereof.

26. Notices.

All notices required or permitted to be given under this Agreement will be given in accordance with and subject to the corresponding applicable terms and conditions of the Franchise Agreement.

27. Counterparts.

This Agreement may be executed simultaneously in multiple counterparts, each of which will be deemed an original, but all of which together will constitute one and the same instrument.



IN WITNESS WHEREOF, the parties have executed this Agreement to be effective as of the day and year first above written.

YOU: \_\_\_\_\_

YOU: \_\_\_\_\_

By \_\_\_\_\_  
Its \_\_\_\_\_

By \_\_\_\_\_  
Its \_\_\_\_\_

YOU: \_\_\_\_\_

WE: SOCIAL INDOOR FRANCHISING,  
LLC

By \_\_\_\_\_  
Its \_\_\_\_\_

By \_\_\_\_\_  
Its \_\_\_\_\_

## Appendix F

### DIGITAL ADVERTISING MONITOR LICENSE AGREEMENT

THIS AGREEMENT made \_\_\_\_\_ by and between Social Indoor Franchising, LLC, A Minnesota Limited Liability Company (“SI”), and \_\_\_\_\_, a \_\_\_\_\_ corporation (“Company”).

1. **License.** SI for and in consideration of the rent herein does hereby grant to Company a non-exclusive license to use digital advertising indoor advertising on digital monitors (the “Monitors”) to be located at the venues in their approved territory. Company agrees to execute a lease with the Venue. Company shall be responsible for securing the Venues and installing the Monitors using a licensed electrician. The monitors shall remain the property of SI and SI shall pay the cost of delivering the Monitors to Company.
2. **Term.** The term of this Agreement shall be for the term of the franchise agreement or any renewal of Companies franchise agreement as long as the Company is not in default, or their franchise agreement terminated.
3. **Installation.** Company agrees to contract with local licensed electrician to perform installation of monitors in accordance with SI installation requirements and guides and to local and state codes as required. Company will be reimbursed up to \$250 per monitor as long as proper documentation is presented to SI and payments will be made by SI to Company within 15 days of receipt of documentation. Number of reimbursed monitors is 30 per market as long as all conditions are met.
4. **Fee.** Company agrees to pay to SI the Fee via the automatic clearing house (“ACH”) method or, if requested by SI, at such address as SI may, from time to time, designate in writing. The Fee shall be paid without deduction or setoff for any reason. The Fee be deemed to be a monthly payment of: \$35.00 for 2022-2026; per monitor. The Fee shall be waived for the initial two (2) months of the Term. “Month” shall be defined as a period of time from the first day of the month to the last day of the month and there shall be proration for partial months.

Finally, SI reserves the right to charge additional fees related to special postings, including without limitation, rush postings if SI is the deployment method of such ads.

Company agrees to take such action and execute such documents as SI shall deem necessary or desirable to cause the timely automatic direct transfer from Company’s bank account of funds necessary to make all of the payments required under the terms of this Agreement (“ACH”).

If the ACH Fee fails or is not received by SI on or before the fifth (15<sup>th</sup>) day of the applicable calendar month, SI shall provide Company with written notice of such failure. If Company fails to pay SI the amount due within ten (10) days of Company’s receipt of SI’s written notice and update the ACH account, if necessary, Company agrees to pay SI an additional sum equal to ten percent (10%) of the total amount overdue. Said charge is intended to defray SI’s interest and administrative expenses, and Company acknowledges that such charge represents a fair and reasonable estimate of such expenses and shall be due and payable for each full or partial calendar month that any Fee remains unpaid.

5. **Use.** The Monitors shall be used exclusively for digital indoor advertising. In no event shall the Monitors be used for illicit advertising as determined in the Company’s sole discretion.

Company shall, at its expense, comply with all rules and regulations imposed by SI and all laws, governmental orders, regulations, rules, local ordinances regarding the use of the Monitors. Upon receipt of any notice of noncompliance, Company shall promptly notify SI in writing.

6. **Taxes.** Company shall pay all taxes related to its Use of the Monitors, including, without limitation, any local state and federal fees, sales tax, or tax on the personal property as necessary.
7. **Insurance.** Company shall, at its sole cost and expense, keep all Monitors insured for the benefit of SI, in an amount equivalent to the full replacement value thereof (a) against loss or damage by fire and (b) against such other risk, of a similar or dissimilar nature, as are or shall be customarily covered with respect to similar equipment. Company acknowledges that SI is not providing public liability insurance Company's use of the Monitors at the Venue(s) and is not providing safekeeping or security measures and is not in any way responsible or liable for the safety or protection of Company's personal property located in or upon the Venue(s).

The Company shall, at the Company's sole cost and expense, but for the mutual benefits of the SI and Company, maintain (a) general public liability insurance against any and all property damage occurring upon, in or about the Venue(s) and on, in or about the adjoining lands, streets and passageways, such insurance to afford protection to the limit of not less than \$1,000,000 with respect to the injury or death to a single person, and to a limit of not less than \$2,000,000 in respect to any once accident, and to a limit of not less than \$1,000,000 in respect to any property damage exclusive of the Monitors.

Company hereby agrees to indemnify and hold SI harmless and releases SI from and against any and all claims, actions, suits, judgments, decrees, orders, liability and expense in connection with loss of life, bodily injury and/or damage to property arising from or out of any occurrence in any Venue occasioned by any act or omission of any employee or contractor working in or adjacent to the Venue, , unless the same be caused wholly or in part by the willful or negligent act or omission of SI, its agents or employees.

8. **Maintenance.** Save and except as is otherwise expressly provided herein, SI covenants throughout the Term hereof and any renewal terms, at SI's cost and expense, to repair or replace any components that have failed, including providing a new monitor to Company if necessary. Company will be responsible for local labor needed for any repair or replacement. Company will keep the Monitors in good condition with general cleaning as necessary. SI shall have the right to charge the Company for any maintenance or replacement of the Monitors resulting from the negligence of Company. Notwithstanding anything to the contrary contained herein, the Company is responsible for all costs incurred for electricians or other trades necessary to remove or repair the Monitors.
9. **Default of Company.** If, during the term of this Agreement or any renewal term, (a) the Company shall make an assignment for the benefit of creditors, or (b) a voluntary petition be filed by the Company in bankruptcy, or the Company be adjudged bankrupt pursuant to an involuntary petition, or (c) a receiver be appointed for the property of the Company by reason of insolvency, or (d) any department of state or federal government shall take possession of the business or property of the Company by reason of insolvency of the Company, the occurrence of any such contingency shall be deemed a breach of this Agreement and this Agreement shall, ipso facto, upon the happening of any of the said contingencies, be terminated and the same shall expire as fully and completely as if the day of the happening of such contingency were the date herein specifically fixed for the expiration of the term of this Agreement. SI shall have the right to remove the monitors, but Company shall remain liable as hereinafter provided.

If the Company shall default in the payment of the Fee as expressly provided for herein, or any part thereof, and such default shall continue for 15 days, or if this Agreement shall expire, then SI may

immediately or at any time thereafter enter the Venue(s) and remove all Monitors at the expense of the Company.

10. **Assignment.** The Company shall not assign this Agreement, either in whole or in part, without first obtaining, in each and every instance, the Sis prior consent thereto in writing.
11. **Notices.** All notices, demands, and request which may or are required to be given by either party to the other party shall be in writing. All notices and requests shall be sent by reputable overnight courier providing proof of delivery or by United States certified mail, postage paid, return receipt requested, addressed to the relevant party at the address set forth below the respective signatures hereon, or at such other place as the parties may from time to time designate in a written notice to the other.

### **Miscellaneous**

1. The covenants and agreements herein contained shall bind and inure to the benefit of the SI, its successors and assigns, and to the Company and its permitted successors and assigns.
2. If any term or provision of this Agreement shall be held invalid or unenforceable, the remaining terms and provisions of this Agreement shall not be affected thereby, but each term and provision shall be valid and be enforced to the fullest extent permitted by law. This Agreement shall be construed and enforced in accordance with the laws of the State of Minnesota.
3. This Agreement may be signed in counterparts, and all counterpart signature pages when taken together shall constitute one and the same instrument. This Agreement may be executed and delivered by facsimile signature for execution on the part of one or more parties hereto and upon one party sending via facsimile to another party a facsimile copy of a signature page showing the sending party's execution or signature, the sending party shall be bound by such signature or execution.
4. SI agrees to provide free random local and national content as it determines in its sole and absolute discretion and agrees to provide digital advertising creation services for the Company, if requested, at current published rates. Company can have creative produced for them by an SI approved supplier. Additionally, SI shall have the right to place non-revenue producing advertisements in the Monitors provided there advertising slots available in the Monitors. If Company notifies SI that they have a revenue producing advertisement for the slot used by SI, SI shall remove the non-revenue producing advertisement and replace it with the Company's revenue producing advertisement.
5. Notwithstanding the request by the Company, SI reserves the sole right to determine the number of monitors provided to Company. In the event the Company is required to return unused monitors or SI re-possesses any Monitors, Company is responsible for all shipping cost plus a reasonable per monitor charge as determined by SI. SI may require Company to remove Monitors from any Venue, if it determines, in its sole discretion, that frequent and excessive damage to the Monitors have occurred from patrons of the Venue, the Venue has not provided a safe and secure environment for the Monitors, or the Venue has become unmarketable for advertising space rental sales".
6. SI ships monitors in skids of 36 monitors (full order) at one time. SI will pay for basic OTR shipping to Company designated address for a full order based on loading dock to loading dock pricing. Any additional charges (i.e., residential delivery, lift gate delivery) will be the responsibility of the franchisee. Anything less than that can be ordered by the Company, but Company would be responsible for all of the shipping costs for monitors and any components.

7. In the event that a venue closes, monitor fees continue until they can be retrieved by the company. Upon retrieval, monitor fees will cease for 60 days and new installation per monitor will be reimbursed at zero dollars, unless the monitors have been in service for longer than 48 months. Additional components for any reinstalls are the responsibility of the Company and not supplied by Social Indoor.

UNDER NO CIRCUMSTANCES WILL WE BE LIABLE FOR DAMAGES FOR LOSSES OF ANY KIND, LOST REVENUE OR PROFITS, INTERRUPTION OF YOUR BUSINESS OPERATIONS, OR FOR ANY OTHER SPECIAL, INCIDENTAL OR CONSEQUENTIAL DAMAGES EVEN IF THEY WERE FORESEEABLE OR IF YOU INFORMED US OF SUCH POTENTIAL DAMAGES. Our total liability to you for damages under this Agreement will in no event exceed \$100.

**IN WITNESS WHEREOF**, the parties hereto have set their hands the date and year first above written.

YOU: \_\_\_\_\_

YOU: \_\_\_\_\_

By \_\_\_\_\_  
Its \_\_\_\_\_

By \_\_\_\_\_  
Its \_\_\_\_\_

YOU: \_\_\_\_\_

WE: SOCIAL INDOOR FRANCHISING,  
LLC

By \_\_\_\_\_  
Its \_\_\_\_\_

By \_\_\_\_\_  
Its \_\_\_\_\_

**EXHIBIT C**

**ACKNOWLEDGMENT ADDENDUM TO  
SOCIAL INDOOR® FRANCHISE AGREEMENT**

As you know, you and we are entering into a Franchise Agreement for the operation of a **Social Indoor**® franchise. The purpose of this Acknowledgment Addendum is to determine whether any statements or promises were made to you that we have not authorized or that may be untrue, inaccurate, or misleading, and to be certain that you understand the limitations on claims that may be made by you by reason of the offer and sale of the franchise and operation of your business. Please review each of the following questions carefully and provide honest responses to each question.

**Acknowledgments and Representations\***

1. Did you receive a copy of our Disclosure Document (and all exhibits and attachments) at least 14 calendar days prior to signing the Franchise Agreement?  
Check one:  YES  NO  
If no, please comment: \_\_\_\_\_  
\_\_\_\_\_
  
2. Have you studied and carefully reviewed our Disclosure Document and Franchise Agreement?  
Check one:  YES  NO  
If no, please comment: \_\_\_\_\_  
\_\_\_\_\_
  
3. Did you understand all the information contained in both the Disclosure Document and Franchise Agreement?  
Check one:  YES  NO  
If no, please comment: \_\_\_\_\_  
\_\_\_\_\_
  
4. Was any oral, written or visual claim or representation made to you which contradicted the disclosures in the Disclosure Document?  
Check one:  NO  YES  
If yes, please state in detail the oral, written or visual claim or representation: \_\_\_\_\_  
\_\_\_\_\_
  
5. Did any employee or other person speaking on behalf of Social Indoor Franchising, LLC make any oral, written or visual claim, statement, promise or representation to you that stated, suggested, predicted or projected sales, revenues, expenses, earnings, income or profit levels at any **Social Indoor**® location or business, or the likelihood of success at your franchised business?  
Check one:  NO  YES  
If yes, please state in detail the oral, written or visual claim or representation: \_\_\_\_\_  
\_\_\_\_\_
  
6. Did any employee or other person speaking on behalf of Social Indoor Franchising, LLC make any statement or promise regarding the costs involved in operating a franchise that is not contained in the Disclosure Document or that is contrary to, or different from, the information contained in the Disclosure Document?  
Check one:  NO  YES

If yes, please comment: \_\_\_\_\_  
\_\_\_\_\_

7. Do you understand that the franchise granted is for the right to operate the Business in the Designated Territory, as stated in Subparagraph 2.A, and that we and our affiliates have the right to issue franchises or operate competing businesses for or at locations, as we determine, outside of your Designated Territory using any trademarks and to place other forms of advertising other than indoor print or indoor digital advertising both inside and outside your Designated Territory using any trademarks, as described in Subparagraph 2.B?

Check one:  YES  NO

If no, please comment: \_\_\_\_\_  
\_\_\_\_\_

8. Do you understand that the Franchise Agreement contains the entire agreement between you and us concerning the franchise for the Business, meaning that any prior oral or written statements not set out in the Franchise Agreement, or the Disclosure Document will not be binding?

Check one:  YES  NO

If no, please comment: \_\_\_\_\_  
\_\_\_\_\_

9. Do you understand that the success or failure of your Business will depend in large part upon your skills and experience, your business acumen, your location, the local market for products and services under the **Social Indoor**® trademarks, interest rates, the economy, inflation, the number of employees you hire and their compensation, competition and other economic and business factors? Further, do you understand that the economic and business factors that exist at the time you open your Business may change?

Check one:  YES  NO

If no, please comment: \_\_\_\_\_  
\_\_\_\_\_

10. Do you understand that any training, support, guidance or tools we provide to you as part of the franchise are for the purpose of protecting the **Social Indoor**® brand and trademarks and to assist you in the operation of your business and not for the purpose of controlling or in any way intended to exercise or exert control over your decisions or day-to-day operations of your business, including your sole responsibility for the hiring, wages, training, supervision and termination of your employees and all other employment and employee related matters?

Check One:  YES  NO

If no, please comment: \_\_\_\_\_  
\_\_\_\_\_

11. Do you understand that you are bound by the non-compete covenants (both in term and post term) listed in subparagraphs 10.D.1 and 10.D.2 and that an injunction is an appropriate remedy to protect the interests of the **Social Indoor**® system if you violate the covenant(s)? Further, do you understand that the term “you” for purposes of the non-compete covenants is defined broadly in subparagraphs 10.D.1 and 10.D.2, such that any actions in violation of the covenants by those holding any interest in the franchisee entity may result in an injunction, default, and termination of the Franchise Agreement?

Check one  YES  NO

If no, please comment: \_\_\_\_\_  
\_\_\_\_\_

12. On the receipt page of the Disclosure Document you identified \_\_\_\_\_ as the franchise sellers involved in this franchise sales process. Are the franchise sellers identified above the only franchise sellers involved with this transaction?  
 Check one: ( ) YES ( ) NO  
 If no, please identify any additional franchise sellers involved with this transaction: \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

YOU UNDERSTAND THAT YOUR ANSWERS ARE IMPORTANT TO US AND THAT WE WILL RELY ON THEM. BY SIGNING THIS ADDENDUM, YOU ARE REPRESENTING THAT YOU HAVE CONSIDERED EACH QUESTION CAREFULLY AND RESPONDED TRUTHFULLY TO THE ABOVE QUESTIONS. IF MORE SPACE IS NEEDED FOR ANY ANSWER, CONTINUE ON A SEPARATE SHEET AND ATTACH.

**NOTE: IF THE RECIPIENT IS A CORPORATION, PARTNERSHIP, LIMITED LIABILITY COMPANY OR OTHER ENTITY, EACH OF ITS PRINCIPAL OWNERS MUST EXECUTE THIS ACKNOWLEDGMENT.**

Signed: \_\_\_\_\_  
 Print Name: \_\_\_\_\_  
 Date: \_\_\_\_\_

Signed: \_\_\_\_\_  
 Print Name: \_\_\_\_\_  
 Date: \_\_\_\_\_

APPROVED ON BEHALF OF SOCIAL INDOOR FRANCHISING, LLC

Signed \_\_\_\_\_  
 Print Name: \_\_\_\_\_  
 Date: \_\_\_\_\_

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

\*Such representations are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Illinois Franchise Disclosure Act.



**EXHIBIT D**

**List of Franchisees as of December 31<sup>st</sup> 2022**

State	Market	Name	Phone	Email
TX	Austin, TX	Bryan & Jackie Primrose	(512) 219-5009	Bryan.primrose@socialindoor.com; jackie.primrose@socialindoor.com
NC	Charlotte, NC	Beau Jacobson	(704) 439-3991	beau.jacobson@socialindoor.com
WI	Eau Claire (West Central/Chippewa Valley) WI	Mike Muehlbauer, Billy Bergh, Jon Crawford	(715)-225-7555 / (715)-577-6838 / (715)-379-2432	Mike.Muehlbauer@socialindoor.com; billy.bergh@socialindoor.com; jon.crawford@socialindoor.com
MN	Brainerd-Fargo (Bemidji - Northern MN)	Jack and Deb Thompson	(866) 342-2923	deb.thompson@socialindoor.com; jack.thompson@socialindoor.com
MN	Duluth, MN	Michaela & Dan Doyle	(218) 310-9071	michaela.doyle@socialindoor.com
WI	Northeast WI (Appleton-Green Bay)	Kris Bolstad, Cliff Hayley	(920) 735-0197	kris.bolstad@socialindoor.com
MN	North Twin Cities, MN	Allen Bye	(612) 703-6510	allen.bye@socialindoor.com
MN	Rochester (& Austin), MN	Allen Bye	(612) 703-6510	allen.bye@socialindoor.com
MN	St. Cloud, MN	Shawn Teal	(320)-492-2784	shawn.teal@socialindoor.com
SD	Sioux Falls, SD	Paul Gourley	(605) 359-1968	phgourley@gmail.com
MN	NW Twin Cities, MN	Social Indoor	(952) 206-0917	
NC	Wilmington, NC	Scott Sigmon	(910) 409-0330	scott.sigmon@socialindoor.com
IN	NW Indiana	Bradley Shrader, Bobby Perry, Eric Duncan & Nathan Eicher	(219) 895-2113	brad.shrader@socialindoor.com
MN	Mankato, MN	Sherry Stagg	(507) 625-7598	sherry.stagg@socialindoor.com
MA	Downtown and South Boston, MA	Dan Adams	(781) 447-0617	dan.adams@socialindoor.com
IL	Northwest Chicago, IL	Mike Wheeland	(815) 382-5470	mike.wheeland@socialindoor.com
FL	Tampa-Lakeland, FL	Dave and Alejandra (Ale) Kennedy	(863) 632-6946	dave.kennedy@socialindoor.com; alejandra.kennedy@socialindoor.com
TN	Clarksville, TN	Thad & Race Johannessohn	(218) 966-0111	thad@socialindoor.com
TN	Nashville, TN	Thad Johannessohn, Doug Wilson, Chancellor Zaugg	(218) 966-0111	race@socialindoor.com
TX	Temple, Waco, Killeen TX	Michael Woolstrum	(417) 773-1802	michael@socialindoor.com
CA	Temecula, CA	Andy Hagenah	(619) 723-1436	andy.hagenah@socialindoor.com
TX	NW San Antonio, TX	Mark and Gloria Vera	(218) 391-4874	mark.vera@socialindoor.com; gloria.vera@socialindoor.com
NC	Greensboro, NC (aka The Triad)	William Conley	(336) 510-0775	william.conley@socialindoor.com
SC	Greenville, SC	Scott Schwarz	(864) 569-0369	Tattoosheed@gmail.com
IA	Sioux City, IA	Ben and Julia Guzman	(512) 658-5488	ben.guzman@socialindoor.com
TX	Dallas - North	Rick & Michael Woolstrum, Mark Sila	(469) 213-0423	michael@socialindoor.com; rick.woolstrum@socialindoor.com;
OK	Tulsa, OK	Guy Nolen	(918) 804-2828	guy.nolen@socialindoor.com
TX	The Woodlands, TX	Sabrina Jacob	(832) 695-6360	sabrina.jacob@socialindoor.com
TX	Dallas-Ft Worth, TX	Michael Woolstrum	(417) 773-1802	michael@socialindoor.com
IN	Fort Wayne, IN	Bobby Perry, Bradley Schrader, Jerry Gutierrez, Jorge Gutierrez	(260) 273-7260 / (708) 926-5560	bobby.perry@socialindoor.com, Jerry.Gutierrez@socialindoor.com

State	Market	Name	Phone	Email
CA	Riverside, CA	Randy and Jon Woolstrum and Glen Rineer	(574) 601-3555	randy.woolstrum@socialindoor.com
IN	South Bend IN	John Troyer & Gil Michel	(574) 903-0939	john.troyer@socialindoor.com; gil.michel@socialindoor.com
SC	Myrtle Beach, SC	Steve Pratt & Mark Eiken	(515)-707-6831 / (352)-316-4539	steve.pratt@socialindoor.com
WI	Madison, WI	Social Indoor	(952) 206-0917	
CO	Denver, CO	Pete Ellison	(303) 695-9450	pete.ellison@socialindoor.com
MN	Minneapolis, MN	Social Indoor Corporate Market	(952) 206-0917	
CO	Northern CO (Ft. Collins-Longmont-Greeley)	Donna Ellison	(303) 726-6369	donna.ellison@socialindoor.com
NC	Raleigh, NC	Social Indoor	(952) 206-0917	
FL	North Tampa, FL	Amy Paolone	(336) 404-4849	amy.paolone@socialindoor.com
NV	South Las Vegas, NV	Leanne Ly	(702) 327-5351	leanne.ly@socialindoor.com
TN	Nashville SE, TN	Dean Lupson	(615) 968-1821	dean.lupson@socialindoor.com
AZ	Scottsdale, AZ	Kyle Uhler	(651)-983-4339	kyle.uhler@socialindoor.com
MN	Twin Cities NE	David Hicke & Steve Nelson	(763)-807-5591	david.hicke@socialindoor.com; steve.nelson@socialindoor.com
TN	Knoxville, TN	Jack Pohlad	(612)-991-7776	jack.pohlad@socialindoor.com
AZ	NE Phoenix, AZ	Amy & Troy Sloneker	(602)-935-9555	troy.sloneker@socialindoor.com; Amy.sloneker@socialindoor.com
MN	Twin Cities SE	Jeff Kalmes	(763)-458-2595	jeff.kalmes@socialindoor.com
WI	La Crosse, WI	Mike Muehlbauer, Billy Bergh, Jon Crawford	(715)-225-7555	Mike.Muehlbauer@socialindoor.com; billy.bergh@socialindoor.com; jon.crawford@socialindoor.com
AZ	Tucson, AZ	Dan Drachman	(520)-240-3528	dan.drachman@socialindoor.com
IA	Quad Cities, IA	Chris Devore, Brian Gould, Lee Neece	(563)-940-9023	chris.devore@socialindoor.com; brian.gould@socialindoor.com; lee.neece@socialindoor.com

### List of Franchisees Who Have Left the System as of December 31, 2022

The name and last known location and telephone number of every franchisee who has had an outlet terminated, cancelled, not renewed, sold their franchise, or otherwise voluntarily or involuntarily ceased to do business under the franchise agreement during the most recent fiscal year or who has not communicated with the Franchisor within 10 weeks of the application date is listed in the chart below.

Name	City & State	Phone
Todd Strauss	Raleigh, NC	919-559-0737
Caleb Nolen	Temple, TX	417-773-1802

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

**EXHIBIT E**

**Financial Statements**

**SOCIAL INDOOR FRANCHISING, LLC**

**FINANCIAL STATEMENTS**

December 31, 2022 and 2021

**SOCIAL INDOOR FRANCHISING, LLC**  
TABLE OF CONTENTS

---

		<u>Page Number</u>
Independent Auditor's Report		1
<b>FINANCIAL STATEMENTS</b>		
Balance Sheets	Statement 1	4
Statements of Operations	Statement 2	5
Statements of Member's Equity (Deficit)	Statement 3	6
Statements of Cash Flow	Statement 4	7
Notes to Financial Statements		8

---



## INDEPENDENT AUDITOR'S REPORT

To the Member and Board of Directors  
Social Indoor Franchising, LLC  
Minnetonka, Minnesota

### **Opinion**

We have audited the accompanying financial statements of Social Indoor Franchising, LLC (the Company), which comprise the balance sheet as of December 31, 2022, and the related statements of operations, member's equity (deficit), and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2022, 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 audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Prior Period Financial Statements**

The financial statements of the Company as of December 31, 2021, were audited by other auditors whose report dated April 6, 2022, expressed an unmodified opinion on those statements.

### **Responsibilities of Management for the Financial Statements**

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

55 5th Street East, Suite 1400, St. Paul, MN, 55101 651.426.7000 [www.redpathcpas.com](http://www.redpathcpas.com)

1

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

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

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

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

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

  
REDPATH AND COMPANY, LTD.  
St. Paul, Minnesota

March 27, 2023

**FINANCIAL STATEMENTS**



**SOCIAL INDOOR FRANCHISING, LLC**  
**STATEMENTS OF OPERATIONS**  
For The Years Ended December 31, 2022 and 2021

**Statement 2**

	<u>2022</u>	<u>2021</u>
Net sales	\$1,959,412	\$919,926
Cost of sales (exclusive of depreciation and amortization expense shown separately below)	<u>47,224</u>	<u>30,855</u>
Gross profit	<u>1,912,188</u>	<u>889,071</u>
Operating expenses:		
General and administrative expenses	1,041,443	755,610
Depreciation and amortization expense	<u>250,255</u>	<u>136,066</u>
Total operating expense	<u>1,291,698</u>	<u>891,676</u>
Operating income (loss)	<u>620,490</u>	<u>(2,605)</u>
Other income:		
Related party write-off (see Note 2)	-	210,507
Paycheck Protection Program loan forgiveness income	-	23,966
Employee Retention Credit income	<u>32,776</u>	<u>-</u>
Net other income	<u>32,776</u>	<u>234,473</u>
Net income	<u>\$653,266</u>	<u>\$231,868</u>

**SOCIAL INDOOR FRANCHISING, LLC**  
BALANCE SHEETS  
December 31, 2022 and 2021

**Statement 1**

	2022	2021
<b>Assets</b>		
Current assets:		
Cash	\$111,960	\$194,387
Accounts receivable, net	220,035	68,239
Employee Retention Credit receivable	32,776	-
Due from related parties	2,339,191	1,355,747
Prepaid expenses	426,206	517,744
Accrued revenue	31,264	-
Total current assets	<u>3,161,432</u>	<u>2,136,117</u>
Property and equipment, net	1,165,439	998,043
Goodwill, net	<u>101,175</u>	<u>116,543</u>
Total assets	<u><u>\$4,428,046</u></u>	<u><u>\$3,250,703</u></u>
<b>Liabilities and Members' Equity</b>		
Current liabilities:		
Accounts payable	\$84,479	\$108,523
Deferred revenues, current	539,600	425,600
Accrued expenses	62,755	51,716
Due to related parties	<u>1,588,889</u>	<u>1,138,134</u>
Total current liabilities	<u>2,275,723</u>	<u>1,723,973</u>
Long-term liabilities:		
Deferred revenues, net of current portion	<u>1,322,084</u>	<u>1,349,757</u>
Total liabilities	<u>3,597,807</u>	<u>3,073,730</u>
Member's equity	<u>830,239</u>	<u>176,973</u>
Total liabilities and member's equity	<u><u>\$4,428,046</u></u>	<u><u>\$3,250,703</u></u>

**SOCIAL INDOOR FRANCHISING, LLC**  
**STATEMENTS OF OPERATIONS**  
For The Years Ended December 31, 2022 and 2021

**Statement 2**

	2022	2021
Net sales	\$1,959,412	\$919,926
Cost of sales (exclusive of depreciation and amortization expense shown separately below)	47,224	30,855
Gross profit	1,912,188	889,071
Operating expenses:		
General and administrative expenses	1,041,443	755,610
Depreciation and amortization expense	250,255	136,066
Total operating expense	1,291,698	891,676
Operating income (loss)	620,490	(2,605)
Other income:		
Related party write-off (see Note 2)	-	210,507
Paycheck Protection Program loan forgiveness income	-	23,966
Employee Retention Credit income	32,776	-
Net other income	32,776	234,473
Net income	\$653,266	\$231,868

**SOCIAL INDOOR FRANCHISING, LLC**  
 STATEMENTS OF MEMBER'S EQUITY (DEFICIT)  
 For The Years Ended December 31, 2022 and 2021

**Statement 3**

---

	<u>Member's Equity</u>	<u>Accumulated Equity (Deficit)</u>	<u>Total Member's Equity (Deficit)</u>
Balance at December 31, 2020	\$204,215	(\$259,110)	(\$54,895)
Net income	-	231,868	231,868
Balance at December 31, 2021	204,215	(27,242)	176,973
Net income	-	653,266	653,266
Balance at December 31, 2022	<u>\$204,215</u>	<u>\$626,024</u>	<u>\$830,239</u>

**SOCIAL INDOOR FRANCHISING, LLC**  
**STATEMENTS OF CASH FLOWS**  
For The Years Ended December 31, 2022 and 2021

**Statement 4**

	2022	2021
Cash flows from operating activities:		
Net income	\$653,266	\$231,868
Adjustments to reconcile net income (loss) to net cash flows from operating activities:		
Depreciation and amortization	250,255	136,066
Paycheck Protection Program loan forgiveness income	-	(23,800)
Change in allowance for doubtful accounts	100,651	25,435
Changes in operating assets and liabilities:		
Accounts receivable	(252,447)	(33,160)
Employee Retention Credit receivable	(32,776)	-
Due from related parties	(983,444)	(833,896)
Prepaid expenses	91,538	(389,264)
Accrued revenue	(31,264)	-
Accounts payable	(24,044)	(10,663)
Deferred revenues	86,327	1,251,437
Accrued expenses	11,039	43,697
Due to related parties	450,755	336,368
Net cash flows provided by operating activities	<u>319,856</u>	<u>734,088</u>
Cash flows from investing activities:		
Purchases of property and equipment	<u>(402,283)</u>	<u>(593,985)</u>
Net (decrease) increase in cash	(82,427)	140,103
Cash - beginning of year	<u>194,387</u>	<u>54,284</u>
Cash - end of year	<u><u>\$111,960</u></u>	<u><u>\$194,387</u></u>
Noncash investing and financing activities:		
Related party transfer of property and equipment	<u>\$0</u>	<u>\$137,743</u>
Purchases of property and equipment in accounts payable at year end	<u><u>\$48,360</u></u>	<u><u>\$96,442</u></u>

**Note 1 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

NATURE OF OPERATIONS

Social Indoor Franchising, LLC (the Company), a wholly-owned subsidiary of Social Indoor, LLC (the "parent company", or "SI"), its parent company, was formed to operate the franchise business of Social Indoor, LLC. The Company was capitalized on (August 19, 2019) with the transfer of certain assets and liabilities from its parent company, including the franchisor rights and obligations for approximately 20 franchise agreements.

The Company's business operations include performance under franchise agreements. The franchise agreements grant the franchisees use of the name "Social Indoor". Franchisees are required to pay continuing fees for the access to certain tools and services and for management assistance provided by the Company. December 31, 2022 and 2021, there were 50 and 43 franchisees, respectively.

CASH

As of December 31, 2022 and 2021, the cash balance was comprised of cash held in federally insured financial institutions and, at times, may exceed federally insured limits.

ACCOUNTS RECEIVABLE

Accounts receivable consist of amounts due from franchisees for franchise fees and other related franchise Services which usually have a 30-day payment term. The Company performs a creditworthiness review at the time of signing up new franchisees. On a periodic basis, the Company evaluates its accounts receivable based upon past write-offs and collections and current credit conditions. If amounts are determined uncollectible, they are charged to expense in the year that determination is made. Accounts receivables are shown net of an allowance for doubtful accounts of \$136,923 and \$36,272 as of December 31, 2022 and 2021, respectively.

PROPERTY AND EQUIPMENT

Major expenditures for property and equipment are capitalized. Maintenance, repairs and minor renewals are expensed as incurred. All property and equipment, which consists of digital screens provided to franchisees, are stated at cost net of accumulated depreciation as of December 31, 2022 and 2021. When assets are retired or otherwise disposed of, their costs and related accumulated depreciation are removed from the accounts and resulting gains or losses are included in income or loss.

Digital screens are depreciated using the straight-line method over an estimated useful life of five years. A digital screen is considered to be in use and commences depreciation upon installation. When the Company purchases digital screens to be installed at a subsequent date, the digital screen is capitalized to asset in progress and no depreciation is taken. Upon installation, the digital screen is transferred from asset in progress to digital screens and commences depreciation.

**SOCIAL INDOOR FRANCHISING, LLC**  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2022 and 2021

As of December 31, 2022 and 2021, property and equipment consisted of the following:

	<u>2022</u>	<u>2021</u>
Digital screens	\$1,425,448	\$906,614
Asset in progress	<u>122,240</u>	<u>238,790</u>
	1,547,688	1,145,404
Less: Accumulated depreciation	<u>(382,249)</u>	<u>(147,361)</u>
	<u>\$1,165,439</u>	<u>\$998,043</u>

Depreciation expense was \$234,887 and \$120,698 for the years ended December 31, 2022 and 2021, respectively.

**GOODWILL**

The Company has elected to adopt the provisions of Accounting Standards Update (ASU) No. 2014-2, *Intangibles-Goodwill and Other*, which provides an accounting alternative to qualifying private companies for the amortization of goodwill using a useful life of 10 years. Accordingly, all existing goodwill and any goodwill recorded in the future will be amortized and subject to impairment testing when indicators of impairment are deemed to be present. If necessary, an impairment loss would be recorded. Amortization expense related to goodwill was \$15,368 for the years ended December 31, 2022 and 2021. Future estimated amortization expense is \$15,368 for the years ending December 31, 2023 through 2027 and \$24,335 thereafter.

**IMPAIRMENT OF LONG-LIVED ASSETS**

The Company reviews long-lived assets, including property and equipment and intangible assets, for impairment whenever events or changes in business circumstances indicate that the carrying amount of an asset may not be fully recoverable. An impairment loss would be recognized when the estimated future cash flows from the use and eventual disposition of the asset are less than the carrying amount of that asset. To date, there have been no such losses.

**REVENUE RECOGNITION**

Revenue is recognized in accordance with a five-step model, as follows: identifying the contract with the customer; identifying the performance obligations in the contract; determining the transaction price; allocating the transaction price to the performance obligations; and recognizing revenue when (or as) the entity satisfies a performance obligation.

The Company sells individual franchises that grant the right to operate a Social Indoor's branded business within a particular geographic territory for selling indoor print and digital advertising services. The franchise agreements typically require the franchisee to pay initial nonrefundable franchise fees upon signing the agreement and royalty fees, administrative fees, monitor fees and other fees, on an ongoing basis based upon either a percentage of franchisee gross sales or a stated monthly amount. Training is required and the franchise agreement is not effective until successful completion of the training program. The Company also sells supplies to the franchisees. The initial term of the franchise agreements is five years. Prior to the end of the franchise agreement term, or as otherwise provided by the Company, a franchisee may elect to renew the term of a franchise.

**SOCIAL INDOOR FRANCHISING, LLC**  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2022 and 2021

The franchise license represents a bundled series of performance obligations, and the initial and conversion franchise fees are recognized over the term of the franchise agreement. The franchise license fee performance obligations include use of trademark, brand and software. Any transfer of franchise assignee fees are separate and distinct performance obligations and no further services expected from the customer are to be provided by the Company and is recognized at point in time. Royalty, administrative, monitor and other fees revenue are recognized based on the fees earned each month or as the underlying sales occur for the performance obligations. Training is recognized when completed since it is a distinct performance obligation, is not highly interrelated with the franchise license, is not highly brand specific and is relevant to operations of similar companies. Supplies are a separate and distinct performance obligation and are recognized at point in time in connection with shipment and transfer of control of products to the franchisee. Fees received or receivable that are expected to be recognized as revenue are classified as contract liabilities, noted as deferred revenue on the balance sheets.

The Company does not have any variable consideration related to their franchise activities. The transaction price for each performance obligation is based on relative standalone selling price as determined by management.

The Company has elected the practical expedient to combine contracts using a portfolio approach by the type of revenues. The Company has elected the practical expedient for recognizing any incremental costs of obtaining a contract as an expense when incurred if the amortization period of the asset that the Company otherwise would have recognized is one year or less. For any commissions that are direct and incremental costs related to signing of the franchise license contract, the Company will capitalize and amortize over the term of the franchise agreement.

The Company includes shipping and handling costs charged to customers with revenues. Shipping and handling costs incurred by the Company have been included in cost of sales on the statements of operations.

Net sales as reported on the statements of operations organized by pattern of recognition for the years ended December 31, 2022 and 2021 are as follows:

	2022	2021
Franchise license fees	\$490,122	\$282,563
Monitor and other over time recognition fees	1,244,553	506,270
Total revenue recognized over time	<u>1,734,675</u>	<u>788,833</u>
Supplies, training, and other point in time recognition fees	224,737	131,093
Total revenue recognized at a point in time	<u>224,737</u>	<u>131,093</u>
Total revenues, net	<u>\$1,959,412</u>	<u>\$919,926</u>



**SOCIAL INDOOR FRANCHISING, LLC**  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2022 and 2021

---

INCOME TAXES

The Company is a single member limited liability company classified as a "disregarded entity" for income tax purposes. Accordingly, these financial statements do not include any provision or liability for income taxes since the income and expenses are reported on the income tax returns of the sole member and the applicable income taxes, if any, are paid by the member.

ESTIMATES

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 disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

ADVERTISING COSTS

Advertising costs associated with solicitation of new franchisees are expensed as incurred. Advertising costs totaled \$74,859 and \$83,444 for the years ended December 31, 2022 and 2021, respectively.

RECENT ACCOUNTING PRONOUNCEMENTS

The Company adopted the provisions of ASC 842, *Leases*, using the modified retrospective approach with January 1, 2022 as the date of initial adoption. The Company is not party to any material lease agreements. Adoption of the new standard did not impact the Company's net income or cash flows.

**Note 2** RELATED-PARTY TRANSACTIONS

SI will provide funding and management services for the Company's operations on an ongoing basis. These amounts are recorded as related party receivables and payables on the accompanying balance sheets. The amounts due from SI were \$2,339,191 and \$1,355,747 as of December 31, 2022 and 2021, respectively. The amounts due to SI were \$1,588,889 and \$1,138,134 as of December 31, 2022 and 2021, respectively.

In 2021, the Company provided and received certain goods and services from DFW Captive Advertising, LLC ("DFW"), a previous wholly-owned subsidiary of SI, which was sold in 2021. In accordance with the sale, the Company wrote off the outstanding related party receivables and payables for DFW. This resulted in a gain of \$210,507, which is reflected as other income on statements of operations for the year ended December 31, 2021. Additionally, as a result of the sale, DFW transferred all property and equipment (digital screens) to the Company. The assets were transferred at their net book value of \$137,743 and are disclosed as a noncash activity on the statements of cash flows for the year ended December 31, 2021.

During 2021, two franchises were purchased with a note transfer from a note payable holder of SI. The SI note payable holder transferred a portion of the outstanding balance due from SI to assist two franchisees with their respective franchise purchases. The amount totaled \$160,000 and is included in the due from related parties balance as of December 31, 2022 and 2021.

**Note 3 PAYCHECK PROTECTION PROGRAM**

On April 22, 2020, the Company received loan proceeds in the amount of \$23,800 under the Paycheck Protection Program (PPP) which was established as part of the Coronavirus Aid, Relief and Economic Security (CARES) Act and is administered through the Small Business Administration (SBA). The Company met the PPP's loan forgiveness requirements, and therefore, applied for forgiveness during January of 2021. On January 22, 2021, the Company received legal release from the SBA, and therefore, recorded forgiveness income of \$23,966, the sum of the principal amount plus interest, within the other income section of its statements of operations for the year ended December 31, 2021.

The SBA reserves the right to audit any PPP loan, regardless of size. These audits may occur after forgiveness has been granted. In accordance with the CARES Act, all borrowers are required to maintain their PPP loan documentation for six years after the PPP loan was forgiven or repaid in full and to provide that documentation to the SBA upon request.

**Note 4 EMPLOYEE RETENTION CREDITS**

On March 27, 2020, the Coronavirus Aid, Relief, and Economic Security Act ("CARES Act") was signed into law providing numerous tax provisions and other stimulus measures, including an employee retention credit ("ERC"), which is a refundable tax credit against certain employment taxes. The Taxpayer Certainty and Disaster Tax Relief Act of 2020 and the American Rescue Plan Act of 2021 extended and expanded the availability of the ERC. A business is eligible for the employee retention credit (ERC) if it either (1) fully or partially suspended operations during any calendar quarter due to orders from an appropriate government authority limiting business activities due to COVID-19; or (2) experienced a significant decline in gross receipts during the calendar quarter.

Since there is no US GAAP guidance for business entities that receive government assistance that is not in the form of a loan, an income tax credit or revenue from a contract with a customer, the Company determined the appropriate accounting treatment by analogy to other guidance.

For the years ended December 31, 2022 and December 31, 2021, the Company recorded ERC benefits of \$32,776 and \$0, respectively in other income, net in the financial statements of operations. A current receivable in the amount of \$32,776 and \$0 is included in the balance sheet as of December 31, 2022 and December 31, 2021, respectively.

**Note 5 CONCENTRATIONS OF CREDIT RISK**

As of December 31, 2022, two franchisees comprised approximately 30 percent of the Company's outstanding accounts receivable. As of December 31, 2021, three franchisees comprised approximately 43 percent of the Company's outstanding accounts receivable. For each year ended December 31, 2022 and 2021, one franchisee comprised approximately 12 percent of revenue.

**Note 6 SUBSEQUENT EVENTS**

The Company has evaluated subsequent events occurring through March 27, 2023, the date the financial statements were available to be issued, for events requiring recording or disclosure in the financial statements.

## **EXHIBIT F**

### State Addenda

#### ADDENDUM TO SOCIAL INDOOR® DISCLOSURE DOCUMENT AND FRANCHISE AGREEMENT FOR THE STATE OF MINNESOTA

The following information applies to franchises and franchisees subject to Minnesota statutes and regulations. Item numbers correspond to those in the main body.

Item 5 and 7 and appropriate sections of the franchise agreement. Franchise fee is payable when the franchisee opens for business.

#### Item 13

We will indemnify you against, and reimburse you for, all damages for which you are held liable in any proceeding arising out of your use of any Mark; provided such use is in compliance with the Franchise Agreement. We will also reimburse you for all costs reasonably incurred by you in the defense of any such claim brought against you in any such proceeding in which you are named as a part. You must timely notify us of such claim or proceeding and comply with the Franchise Agreement.

#### Item 17

1. Minnesota law provides you with certain termination and nonrenewal rights. As of the date of this Disclosure Document, Minn. Stat. Sec. 80C.14, Subd. 3, 4 and 5 require, except in certain specified cases, that you be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for nonrenewal of the Franchise Agreement.

2. Minn. Stat. § 80C.21 and Minn. Rule 2860.4400J prohibit us from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring the franchisee to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Franchise Disclosure Document or agreement(s) can abrogate or reduce any of franchisee's rights as provided for in Minnesota Statutes, Chapter 80C, or franchisee's rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.

3. In the event you breach or threaten to breach any of the terms of this Agreement, we will be entitled to seek an injunction restraining such breach and/or to a decree of specific performance, without showing or proving any actual damage, together with recovery of reasonable attorneys' fees and other costs incurred in obtaining said equitable relief, until such time as the arbitrators make a final and binding determination.

4. No release language contained in the Franchise Agreement shall relieve Franchisor or any other person, directly or indirectly, from liability imposed by the laws concerning franchising of the State of Minnesota, provided, that this part will not bar the voluntary settlement of disputes.

YOU: \_\_\_\_\_

YOU: \_\_\_\_\_

By \_\_\_\_\_  
Its \_\_\_\_\_

By \_\_\_\_\_  
Its \_\_\_\_\_

YOU: \_\_\_\_\_

WE: SOCIAL INDOOR FRANCHISING,  
LLC

By \_\_\_\_\_  
Its \_\_\_\_\_

By \_\_\_\_\_  
Its \_\_\_\_\_

ADDENDUM TO  
SOCIAL INDOOR®  
FRANCHISE AGREEMENT FOR THE  
STATE OF ILLINOIS

This Addendum pertains to franchises sold in the State of Illinois and is for the purpose of complying with Illinois statutes and regulations. Notwithstanding anything which may be contained in the body of the Franchise Agreement to the contrary, the Agreement is amended as follows:

1. Section 8.A is amended by the addition of the following language:

Payment of initial Franchise/Development Fees will be deferred until Franchisor has met its initial obligations to franchisee, and franchisee has commenced doing business. Their financial assurance requirement was imposed by the Office of the Illinois Attorney General due to Franchisor's financial condition.

2. Section 13.C is amended such that the following is substituted:

Subject to subparagraphs 13.A and 13.B, any cause of action, claim, suit or demand allegedly arising from or related to the terms of this Agreement or the relationship of the parties must be brought in the Illinois federal or state court for the Designated Territory in which you are located.

3. Subparagraph 16.K of the Agreement is deleted in its entirety.

4. The Acknowledgment Addendum attached to the Franchise Agreement (and specifically stating that it is not for use in the State of Illinois) is unenforceable under Illinois law because it may have the effect of forcing a franchisee to waive or release certain rights that you as a franchisee have under the Illinois Franchise Disclosure Act, 815 IL § 705.

5. In compliance 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.

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

7. Except as amended herein, the Franchise Agreement will be construed and enforced in accordance with its terms.

8. Illinois law governs the Franchise Agreement(s)

9. 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 law of Illinois is void.

Each of the undersigned hereby acknowledges having read and understood this Addendum and consents to be bound by all of its terms.

YOU: \_\_\_\_\_

YOU: \_\_\_\_\_

By \_\_\_\_\_  
Its \_\_\_\_\_

By \_\_\_\_\_  
Its \_\_\_\_\_

YOU: \_\_\_\_\_

WE: SOCIAL INDOOR FRANCHISING,  
LLC

By \_\_\_\_\_  
Its \_\_\_\_\_

By \_\_\_\_\_  
Its \_\_\_\_\_

ADDENDUM TO  
SOCIAL INDOOR®  
FRANCHISE AGREEMENT FOR THE  
STATE OF NORTH DAKOTA

This Addendum pertains to franchises sold in the State of North Dakota and is for the purpose of complying with North Dakota statutes and regulations. Notwithstanding anything which may be contained in the body of the Franchise Agreement to the contrary, the Agreement is amended as follows:

1. The covenant not to compete upon termination or expiration of this Agreement contained in subparagraph 10.C.2 may be unenforceable, except in certain circumstances provided by law;

2. The consent by Franchisee to jurisdiction and venue in Minnesota contained in Section 13.B.1 may be inapplicable; provided, however, that such inapplicability in the State of North Dakota will not be construed to mean that venue in Minnesota is improper, or that Franchisee and its officers, directors and shareholders are not subject to jurisdiction in Minnesota or in any other state;

3. The provisions of Section 13.B.2 requiring arbitration hearings to take place in Minneapolis, Minnesota, will be inapplicable and in the event of arbitration between Franchisor and Franchisee, such arbitration will be conducted in Fargo, North Dakota, or at a mutually agreed upon location; and

4. The parties' waiver of their right to claim punitive damages, as stated in subparagraph 16.L, may not be enforceable under North Dakota law.

YOU: \_\_\_\_\_

YOU: \_\_\_\_\_

By \_\_\_\_\_  
Its \_\_\_\_\_

By \_\_\_\_\_  
Its \_\_\_\_\_

YOU: \_\_\_\_\_

WE: SOCIAL INDOOR FRANCHISING,  
LLC

By \_\_\_\_\_  
Its \_\_\_\_\_

By \_\_\_\_\_  
Its \_\_\_\_\_

ADDENDUM TO  
SOCIAL INDOOR®  
FRANCHISE AGREEMENT FOR THE  
STATE OF SOUTH DAKOTA

This Addendum to the Franchise Agreement (“Franchise Agreement”) dated \_\_\_\_\_ between Social Indoor Franchising, LLC (“Franchisor”) and \_\_\_\_\_ (“Franchisee”) is entered into simultaneously with the execution of the Franchise Agreement.

1. The following sentence is added to the end of Section 8.A:

Collection of all initial fees and payments owed to Franchisor or an affiliate will be deferred until such time as the Franchisor completes its initial obligations and you commence business operations.

2. Except as expressly modified by this Addendum, the Franchise Agreement remains unmodified and in full force and effect.

YOU: \_\_\_\_\_

YOU: \_\_\_\_\_

By \_\_\_\_\_  
Its \_\_\_\_\_

By \_\_\_\_\_  
Its \_\_\_\_\_

YOU: \_\_\_\_\_

WE: SOCIAL INDOOR FRANCHISING,  
LLC

By \_\_\_\_\_  
Its \_\_\_\_\_

By \_\_\_\_\_  
Its \_\_\_\_\_



ADDENDUM TO  
SOCIAL INDOOR®  
FRANCHISE AGREEMENT FOR THE  
STATE OF WISCONSIN

This Addendum pertains to franchisees in the State of Wisconsin and is for the purpose of complying with Wisconsin statutes and regulations. Notwithstanding anything which may be contained in the body of the Franchise Agreement to the contrary, the Agreement is amended as follows:

1. Notwithstanding anything which may be contained in the body of the Franchise Agreement to the contrary, subparagraph 11.B of the Agreement pertaining to “Termination by Us” is extended as follows:

We will provide you at least 90 days’ prior written notice of termination, cancellation, or substantial change in competitive circumstances. The notice will state all the reasons for termination, cancellation, or substantial change in competitive circumstances and will provide that you have 60 days in which to rectify any claimed deficiency. If the deficiency is rectified within 60 days, the notice will be void. If the reason for termination, cancellation, or substantial change in competitive circumstances is nonpayment of sums due under the franchise, you will be entitled to written notice of such default and will have not less than 10 days in which to remedy such default from the date of delivery or posting of such notice.

2. Ch. 135, Stats., the Wisconsin Fair Dealership Law, supersedes any provisions of this Agreement or a related document between you and us inconsistent with the Law.

3. Except as amended herein, the Franchise Agreement will be construed and enforced in accordance with its terms.

Each of the undersigned hereby acknowledges having read and understood this Addendum and consents to be bound by all of its terms.

YOU: \_\_\_\_\_

YOU: \_\_\_\_\_

By \_\_\_\_\_  
Its \_\_\_\_\_

By \_\_\_\_\_  
Its \_\_\_\_\_

YOU: \_\_\_\_\_

WE: SOCIAL INDOOR FRANCHISING,  
LLC

By \_\_\_\_\_  
Its \_\_\_\_\_

By \_\_\_\_\_  
Its \_\_\_\_\_

**EXHIBIT G**

**Tables of Contents and Pages of Manuals**

Getting started.....	50 pages
Business Management.....	75 pages
Sales Manual.....	64 pages
SIMON Software Manual.....	59 pages
<u>Installation Manual.....</u>	<u>18 pages</u>
Total Manual Pages .....	266 pages

The most recent Manuals set will be freely available to you to view at our Discovery Day before an offer of a franchise is made. This is proprietary information unique to our offering, so we are unable to send you a copy of these for review. We continue to enhance and update our manuals set as more materials and enhancements become available to use in the successful operation of a Social Indoor franchise.

**EXHIBIT H**

**Social Indoor Franchising, LLC**

**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, South Dakota, Virginia, Washington, 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>
Arizona	4.16.2021
Colorado	4.27.2021
Florida	5.6.2021
Illinois	7.21.2020
Iowa	5.5.2021
Minnesota	7.12.2021
North Carolina	5.5.2021
Texas	5.1.2021
Wisconsin	4.30.2021
Indiana	5.27.2021
Oklahoma	4.30.2021
California	7.1.2021
Michigan	10.20.2020
New York	2.1.2022

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**

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

RECEIPT

This Disclosure Document summarizes certain provisions of the Franchise Agreement and other information in plain language. Read this Disclosure Document and all agreements carefully.

If Social Indoor 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 any payment to the franchisor or an affiliate in connection with the proposed franchise sale.

Iowa, Oklahoma and Rhode Island require that Social Indoor Franchising, LLC gives you this Disclosure Document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

Michigan, Oregon and Wisconsin require that Social Indoor Franchising, LLC gives you this Disclosure Document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

If Social Indoor Franchising, LLC does not deliver this Disclosure Document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the state agency listed on Exhibit A.

The franchisor is Social Indoor Franchising, LLC, located at 5929 Baker Rd Suite 480, Minnetonka, MN 55345. Its telephone number is (952) 206-1917.

Issuance Date: April 4<sup>th</sup>, 2023

The name, principal business address and telephone number of each franchise seller offering the franchise (check as applicable):

- Tony Jacobson, 5929 Baker Rd Suite 480, Minnetonka, MN 55345, (952) 206-1917
- Justin Tolle, 5929 Baker Rd Suite 480, Minnetonka, MN 55345, (952) 206-1917

Social Indoor Franchising, LLC authorizes the respective state agencies identified on Exhibit A to receive service of process for it in the particular state.

I have received a Franchise Disclosure Document (the effective date of the Disclosure Document is identified in Exhibit A). This Disclosure Document included the following Exhibits: A) List of Agents to Receive Service of Process, B) Franchise Agreement, C) Addenda to Franchise Agreement, D) List of Franchisees, E) Financial Statements, F) State Addenda, G) Tables of Contents for Manuals, H) Sample Release and I) Receipt.

Signed: \_\_\_\_\_  
 Printed Name: \_\_\_\_\_ Date: \_\_\_\_\_  
 Address: \_\_\_\_\_  
 City: \_\_\_\_\_ State: \_\_\_\_\_  
 Zip: \_\_\_\_\_ Phone: \_\_\_\_\_

Signed: \_\_\_\_\_  
 Printed Name: \_\_\_\_\_ Date: \_\_\_\_\_  
 Address: \_\_\_\_\_  
 City: \_\_\_\_\_ State: \_\_\_\_\_  
 Zip: \_\_\_\_\_ Phone: \_\_\_\_\_

Signed: \_\_\_\_\_  
Printed Name: \_\_\_\_\_ Date: \_\_\_\_\_  
Address: \_\_\_\_\_  
City: \_\_\_\_\_ State: \_\_\_\_\_  
Zip: \_\_\_\_\_ Phone: \_\_\_\_\_

Signed: \_\_\_\_\_  
Printed Name: \_\_\_\_\_ Date: \_\_\_\_\_  
Address: \_\_\_\_\_  
City: \_\_\_\_\_ State: \_\_\_\_\_  
Zip: \_\_\_\_\_ Phone: \_\_\_\_\_

RECEIPT

This Disclosure Document summarizes certain provisions of the Franchise Agreement and other information in plain language. Read this Disclosure Document and all agreements carefully.

If Social Indoor 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 any payment to the franchisor or an affiliate in connection with the proposed franchise sale.

Iowa, Oklahoma and Rhode Island require that Social Indoor Franchising, LLC gives you this Disclosure Document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

Michigan, Oregon and Wisconsin require that Social Indoor Franchising, LLC gives you this Disclosure Document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

If Social Indoor Franchising, LLC does not deliver this Disclosure Document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the state agency listed on Exhibit A.

The franchisor is Social Indoor Franchising, LLC, located at 5929 Baker Rd Suite 480, Minnetonka, MN 55345. Its telephone number is (952) 206-1917.

Issuance Date: April 4<sup>th</sup>, 2023

The name, principal business address and telephone number of each franchise seller offering the franchise (check as applicable):

- Tony Jacobson, 5929 Baker Rd Suite 480, Minnetonka, MN 55345, (952) 206-1917
- Justin Tolle, 5929 Baker Rd Suite 480, Minnetonka, MN 55345, (952) 206-1917

Social Indoor Franchising, LLC authorizes the respective state agencies identified on Exhibit A to receive service of process for it in the particular state.

I have received a Franchise Disclosure Document (the effective date of the Disclosure Document is identified in Exhibit A). This Disclosure Document included the following Exhibits: A) List of Agents to Receive Service of Process, B) Franchise Agreement, C) Addenda to Franchise Agreement, D) List of Franchisees, E) Financial Statements, F) State Addenda, G) Tables of Contents for Manuals, H) Sample Release and I) Receipt.

Signed: \_\_\_\_\_  
 Printed Name: \_\_\_\_\_ Date: \_\_\_\_\_  
 Address: \_\_\_\_\_  
 City: \_\_\_\_\_ State: \_\_\_\_\_  
 Zip: \_\_\_\_\_ Phone: \_\_\_\_\_

Signed: \_\_\_\_\_  
 Printed Name: \_\_\_\_\_ Date: \_\_\_\_\_  
 Address: \_\_\_\_\_  
 City: \_\_\_\_\_ State: \_\_\_\_\_  
 Zip: \_\_\_\_\_ Phone: \_\_\_\_\_

Signed: \_\_\_\_\_  
Printed Name: \_\_\_\_\_ Date: \_\_\_\_\_  
Address: \_\_\_\_\_  
City: \_\_\_\_\_ State: \_\_\_\_\_  
Zip: \_\_\_\_\_ Phone: \_\_\_\_\_

Signed: \_\_\_\_\_  
Printed Name: \_\_\_\_\_ Date: \_\_\_\_\_  
Address: \_\_\_\_\_  
City: \_\_\_\_\_ State: \_\_\_\_\_  
Zip: \_\_\_\_\_ Phone: \_\_\_\_\_