

FRANCHISE DISCLOSURE DOCUMENT

MMI-JS, LLC dba Retail Channel Partners
a Delaware limited liability company
7100 E. Pleasant Valley Rd., Ste. 300
Independence, OH 44131(877) 392-6278
www.zaggfranchise.com



The franchisee will operate a retail outlet under the ZAGG name and sell products and services approved by us, including protective glass, films and covers, audio products and accessories, battery cases, wireless charging and power solutions for consumer electronics and hand-held devices (collectively, the “Products”), and repair services we authorize for smartphones, cell phones and other electronic devices (the “Services”).

The total investment necessary to begin operation of a ZAGG franchise by a new franchisee is \$49,000 - \$109,000. This includes \$18,000-\$49,000 that must be paid to the franchisor, ZAGG or the Franchisor Approved POS System Vendor.

You may wish to receive your disclosure document in another format that is more convenient to you. To discuss the availability of disclosures in different formats, contact Jessica Czekalinski at 7100 E. Pleasant Valley Rd., Ste. 300 Independence, Ohio 44131 and (877)392-6278.

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

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 for additional information. Call your state agency or visit your public library for other sources of information on franchising.

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

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How to Use This Franchise Disclosure Document

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

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

What You Need to Know About Franchising *Generally*

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

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

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

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

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

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

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

Some States Require Registration

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

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

Special Risks to Consider About *This Franchise*

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

1. **Out-of-State Dispute Resolution.** The franchise agreement requires you to resolve disputes with the franchisor by mediation, arbitration and/or litigation only in the Franchisor's state of residence (currently Ohio). 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 Ohio the Franchisor's state of residence (currently Ohio) than in your own state.
2. **Applicable Law.** The franchise agreement states that the Franchisor's state of residence (currently Ohio) law governs the agreement, and this law may not provide the same protections and benefits as local law. You may want to compare these laws.
3. **Other Risks.** There may be other risks concerning this franchise.

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.

TABLE OF CONTENTS

Item		Page:
ITEM 1	THE FRANCHISOR AND ANY PARENTS, PREDECESSORS, AND AFFILIATES...	1
ITEM 2	BUSINESS EXPERIENCE	3
ITEM 3	LITIGATION.....	4
ITEM 4	BANKRUPTCY	5
ITEM 5	INITIAL FEES	6
ITEM 6	OTHER FEES.....	7
ITEM 7	ESTIMATED INITIAL INVESTMENT.....	11
ITEM 8	RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES	13
ITEM 9	FRANCHISEE’S OBLIGATIONS	17
ITEM 10	FINANCING	18
ITEM 11	FRANCHISOR’S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS AND TRAINING.....	19
ITEM 12	TERRITORY	23
ITEM 13	TRADEMARKS.....	24
ITEM 14	PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION	26
ITEM 15	OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS	27
ITEM 16	RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL	28
ITEM 17	RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION.....	29
ITEM 18	PUBLIC FIGURES.....	32
ITEM 19	FINANCIAL PERFORMANCE REPRESENTATIONS	33
ITEM 20	OUTLETS AND FRANCHISEE INFORMATION.....	36
ITEM 21	FINANCIAL STATEMENTS.....	42
ITEM 22	CONTRACTS.....	43
ITEM 23	RECEIPTS.....	44

TABLE OF EXHIBITS

Exhibit A	List of Franchisees	A
Exhibit B	List of Terminated Franchisees.....	B
Exhibit C	Franchise Agreement with Exhibits Attached	C
Exhibit D	Personal Guaranty.....	D
Exhibit E	List of State Franchise Administrators	E
Exhibit F	State Disclosures and Riders.....	F
Exhibit G	Agents for Service of Process.....	G
Exhibit H	Standards Manual Table of Contents.....	H
Exhibit I	Termination Agreement.....	I
Exhibit J	Financial Statements	J
Exhibit K	Receipts.....	K

APPLICABLE STATE LAW MAY REQUIRE ADDITIONAL DISCLOSURES RELATED TO THE INFORMATION IN THIS DISCLOSURE DOCUMENT, AND MAY REQUIRE A RIDER TO THE FRANCHISE AGREEMENT. THESE ADDITIONAL DISCLOSURES AND RIDERS, IF ANY, APPEAR IN EXHIBIT F.

ITEM 1
THE FRANCHISOR AND ANY PARENTS, PREDECESSORS AND AFFILIATES

To simplify the language in this Franchise Disclosure Document, “we”, “us” “our” or “the Company” means MMI-JS, LLC dba Retail Channel Partners the franchisor. “You” or “your” means the individual, corporation, limited liability company or other entity that buys a ZAGG franchise.

Franchisor, Parent, Predecessors and Affiliates

We conduct business under the name MMI-JS, LLC dba Retail Channel Partners using the ZAGG trademarks (“RCP”). Our principal business address is 7100 E. Pleasant Valley Rd. Ste. 300 Independence, OH 44131. We are a Delaware limited liability company that was formed on April 30, 2020. From April until July 2020 RCP was inactive. RCP is owned by Merrymeeting, Inc. a Delaware corporation and Red Cloud Ventures, Inc. The principal business address of Merrymeeting, Inc. is 7100 E. Pleasant Valley Rd. Ste. 300 Independence, OH 44131. The principal business address of Red Cloud Ventures, Inc. is 12072 Nicklaus Road Sandy, UT 84092.

Effective August 31, 2020, the existing ZAGG franchise agreements were assigned to us and the ZAGG franchise system rights and obligations were outsourced to us from ZAGG Inc. a Delaware corporation which was formed in April 2004 (“ZAGG”). Its principal place of business is 910 W. Legacy Center Way, Ste. 500 Midvale, Utah 84047. They offered franchises for ZAGG Businesses since 2010. In December 2010, ZAGG formed Zagg Retail, Inc., a Nevada corporation which administered the franchise system until May 2016. The Predecessor guaranteed the franchise obligations of Zagg Retail, Inc during that period. In May 2016 Zagg Retail, Inc. assigned the existing franchise agreements to ZAGG and ZAGG directly offered franchises from 2016 until August 2020. Franchisor has entered into a Master License Agreement with ZAGG, Inc. providing Franchisor the right to act as the Franchisor of the ZAGG system and to license its trademarks to franchisees.

We have not conducted business in any other line of business and do not have any affiliates that offer franchises in any line of business.

ZAGG and mophie collectively own and license all of the intellectual property related to Products manufactured under the ZAGG[®], InvisibleShield[®], iFrogz[®], BRAVEN[®], Gear4[®] and mophie[®] brands (the “ZAGG Products”). ZAGG licenses to us all of the intellectual property rights which will be licensed to you under your franchise agreement. ZAGG’s principal business address is 910 W. Legacy Center Way, Ste. 500, Midvale, Utah 84047.

Agent for Service of Process

Our agents for service of process are listed in Exhibit G.

The Business We Offer

We are franchising the operation of retail outlets under the ZAGG trade name (“Franchised Business”). Your Franchised Business will consist of an in-line retail space, kiosk or mall cart (“Retail Outlet”) operated at a designated mall, shopping center or similar retail center from which you will sell designated Products and Services. ZAGG will supply all of the ZAGG Products that you will be selling in connection with your ZAGG franchise. You will also be authorized as part of your Franchised Business to sell various other Products designed, manufactured and/or distributed by companies other than ZAGG or its affiliates (“Additional Products”). You will be permitted to purchase these Additional Products from ZAGG or from other Franchisor Approved Vendors using designated online purchasing platforms

we approve in our sole and absolute discretion. We reserve the right, in our sole and absolute discretion, to change the scope and selection of Additional Products made available through these platforms at any time.

Market and Competition Information

Your chief competitors include companies that develop, market and sell protective glass, films and other accessories for consumer electronics and hand-held devices. The market for sales to consumers for “aftermarket” accessories for electronic devices is very competitive. The market to provide repair services for consumer electronics devices is also very competitive. We are aware of some companies that have developed similar products to the Products. There are numerous companies that sell protective devices for cell phones, iPods, MP3 players, laptop and computer screens and similar devices; however, we believe that such products are distinguishable from the Products you will sell in terms of product specifications and functionality. Additionally, you will be competing against sales of Products through the ZAGG website, other distributors and third-party electronics retailers including, but not limited to, Best Buy, Walmart, AT&T, Verizon, T-Mobile, Sprint, Staples, Office Depot, Target, Amazon and CPR Franchisees.

Applicable Regulations

There are no regulations specific to the operation of a Franchised Business, although you must comply with federal, state and local laws, rules and regulations related to health and sanitation. In addition, you must comply with all federal state and local laws, rules and regulations of a more general nature that affect the Franchised Business, including employment, workers’ compensation, insurance, corporate, tax, licensing, the Americans with Disabilities Act, and similar laws and regulations. You should familiarize yourself with those laws.

ITEM 2
BUSINESS EXPERIENCE

Steve Bain: Chief Executive Officer

Current Employment: Mr. Bain has been the Chief Executive Officer at RCP since April 2020.

Previous Employment: From December 2017 to March 2020 Mr. Bain was employed by ZAGG. From August 2019 to March 2020, Mr. Bain was the SVP – Global Product. From April 2018 to August 2019, Mr. Bain was the General Manager – ZAGG, InvisibleShield, BRAVEN and IFROGZ. From December 2017 to April 2018, Mr. Bain was the Vice President of Strategic Partnerships and Franchise. From November 2016 to December 2017, Mr. Bain was a partner at Petrous Leadership, a leadership, coaching and business management consulting company. From August 2015 to June 2016, Mr. Bain was the SVP, Business Development, Technology Brands for GameStop. From October 2012 to August 2015, Mr. Bain was the President and CEO of Simply Mac in Salt Lake City, Utah.

Aaron Johnson: Director of Franchise Operations of the Franchise System

Current Employment: Mr. Johnson has been the Director of Franchise Operations of the ZAGG Franchise System for RCP since September 2020.

Previous Employment. From November 2017 to August 2020 Mr. Johnson was employed by ZAGG. From January 2019 through July 2020 Mr. Johnson was the Senior Manager of the Franchise Program. From November 2017 to January 2019, Mr. Johnson was the Sr. Manager, Franchise Program, at ZAGG. Mr. Johnson was also a Franchise Manager at ZAGG from January 2011 to January 2019.

Tyson Lewis: Franchise Operations Manager

Current Employment: Mr. Lewis has been the Franchise Operations Manager at of the ZAGG Franchise System for RCP since September 2020.

Previous Employment: From July 2017 to August 2020 Mr. Johnson was employed by ZAGG. From November 2015 to July 2017, Mr. Lewis was the Operations Manager for Simply Mac in Salt Lake City, Utah. From March 2011 to November 2015, Mr. Lewis held other various operational positions with Simply Mac in Salt Lake City, Utah.

**ITEM 3
LITIGATION**

There is no litigation that must be disclosed in this Item.

**ITEM 4
BANKRUPTCY**

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

ITEM 5 INITIAL FEES

The total initial fees you will pay to us, ZAGG and the Franchisor Approved Vendor for the POS System ranges from \$18,000-\$49,000. The initial fee includes an initial franchise fee and an initial equipment and marketing costs which will be paid to us. You will also pay ZAGG \$10,000 to \$30,000 for opening inventory and you will pay the POS Franchisor Approved Vendor \$2,000-\$3,000 for the POS System. The initial franchise fee varies based on the population of the market the Franchise Premises is in and the number of Franchised Businesses purchased.

Regardless of the market your location is located in, you will pay a \$16,000 initial fee when you sign the franchise agreement for your first Franchised Business. The franchise fee is comprised of a \$15,000 initial franchise fee and a \$1,000 fee for initial equipment and marketing costs. For the second Franchised Business, you will pay a \$0-\$10,000 initial franchise fee and a \$1,000 fee for initial equipment and marketing costs. For the third and each additional Franchised Business, you will pay a \$5,000 initial franchise fee and a \$1,000 fee for initial equipment and marketing costs. The initial franchise fee depends on a number of factors including: the number of licenses purchased and the location of the licenses.

Notwithstanding the foregoing, we may, in our sole and absolute discretion, waive a portion of the initial franchise fee for based upon credit worthiness, market availability, feasibility and any other factors we deem appropriate.

Currently there is no initial training fee. In addition, each franchisee is required to purchase \$10,000 of initial inventory from ZAGG and \$2,000 to the POS System Franchisor Approved Vendor from the vendor directly for the operation of each of its Franchised Businesses.

If you are an existing franchisee who is seeking to continue your existing franchise operation at the same location following the end of the term of your original franchise agreement (“Continuing Franchisee”), the total initial fees you will pay to us or our affiliates to continue your existing franchise operation at the same location following the end of the term of your franchise agreement is a \$0 - \$5,000 license fee. Continuing Franchisees are not required to make any purchases of initial inventory from us.

Subject to the limitations set forth above, the actual franchise fee paid by any Franchisee is determined by us in our sole and absolute discretion based upon the location of the Franchised Business, anticipated sales per square foot and customer traffic in the Franchise Premises, credit worthiness, market availability, feasibility, and other factors we deem appropriate.

All fees are non-refundable.

**ITEM 6
OTHER FEES**

(Column 1) Type of fee	(Column 2) Amount	(Column 3) Due Date	(Column 4) Remarks
Continuing inventory (Notes 1, 3)	Based on current ZAGG price list	Payable in advance of shipping	You must purchase all inventory offered for retail sale from your Franchised Business from ZAGG. The prices of such products will be communicated to you by us or ZAGG and is subject to change in ZAGG or our sole discretion.
Transfer fee (Notes 1, 4)	\$1,000 - \$5,000	Before transfer	The transfer fee payable depends on multiple factors including the identity of the transferee and the extent of costs incurred by us in reviewing and approving the proposed transfer.
Franchise premises change fee (Notes 1, 4)	\$1,000 - \$5,000	Before changing franchise premises	The franchise premises change fee payable depends on multiple factors including the extent of costs incurred by us in reviewing and approving the change.
Forced Shipments of Inventory (Notes 1, 3)	Cost of product based on current ZAGG price list plus 15% surcharge	Payable on demand	(Note 2)
Marketing Program (Notes 1, 4)	\$0 - \$5,000 per year	Payable as incurred	From time to time you may be required to participate in required special programs and promotional efforts established by us. Such promotions may include, among other things, buying promotional discount cards for distribution to potential referral sources, distributing promotional discount cards to employees of referral sources and explaining the marketing program, on-site promotions, product giveaways, and gift card programs.
Royalty (Notes 1, 3)	5% of Gross Volume with a monthly minimum Royalty of: (a) \$400 if the population of the market the Franchised Business is located in is less than 250,000; (b) \$600 if the population of the market the Franchised Business is located in is equal to or greater than 250,000 and less than 500,000; or (c) \$800 if the population of the market the Franchised Business is located in is equal to or greater than 500,000	Payable electronically the 2 nd business day of each month for the preceding calendar month	Royalty will be due beginning the first month of business. (Note 5)

National Advertising Fund (Notes 1 and 3)	Up to 1% of Gross Volume	Payable electronically the 2 nd business day of each month for the preceding calendar month	The current fee is .5% of Gross Volume, we have the right to increase the fee to up to 1% of Gross Volume.
Technology Fee (Notes 1 and 3)	Up to 1% of Gross Volume	Payable electronically the 2 nd business day of each month for the preceding calendar month	We have the right to implement this fee, but it is not currently in place
POS System Fee	Currently \$160	Monthly	Paid to third party vendor and subject to change
Other Third-Party Product Fees (Note 8)	Currently \$82	Monthly	Paid to or accrued for payment to a third- party vendor and subject to change
Additional Training (Note 3)	\$1,000 per person	Payable in advance of participation in training	All franchisees may, at their option, have additional individuals participate in the initial training program described in Item 11 at an additional cost of \$1,000 per individual. Franchisee shall be responsible for all expenses related to the training, including travel, lodging and meal costs.
Correction of Deficiencies (Notes 1, 4)	Will vary under circumstances	Payable on demand	If you fail to correct any deficiencies we identify during inspections of your Franchised Business, we can correct them for you and you must reimburse us for any expenses incurred by us to make the corrections.
Indemnification (Notes 1, 4)	Will vary under circumstances	Payable as incurred	You must reimburse us if we are held liable for any claims, loss or damage related to the operation of your franchise.
Costs and Attorneys' Fees (Notes 1, 4)	Will vary under circumstances	Payable as incurred	Payable only if you do not comply with the franchise agreement, or in the event we prevail in litigation or arbitration against you related to the interpretation or enforcement of the franchise agreement.
Liquidated Damages (Notes 1, 3)	\$5,000	Immediately upon premature termination	Applies to early terminations resulting from Franchisee's default under the franchise agreement.
Fines (Notes 1, 4)	Will vary under circumstances	Payable as incurred	Payable only if you do not comply with certain provisions of the franchise agreement. (Note 6)
Interest (Notes 1, 4)	Lesser of 18% per annum and the maximum interest rate permitted by applicable law	Payable as incurred	Accrues only if you fail to pay sums owing under the franchise agreement on or before the applicable due date. (Note 7)

Notes:

- 1 All fees are imposed by and are paid to either us or ZAGG. All direct costs for continuing inventory, including any forced shipments of inventory as permitted under the franchise agreement are paid to ZAGG and are based upon ZAGG's current price list for such inventory at the time of purchase. ZAGG's Price List is subject to change at any time by us or ZAGG in our sole and absolute

discretion. During the term of your franchise agreement, you will be allowed to purchase inventory from ZAGG at a discount off the manufacturer's suggested retail price as communicated to you by us or ZAGG. Such discounted pricing is subject to change. All fees are non-refundable.

- 2 If you fail to maintain adequate product inventory levels as determined in accordance with the franchise agreement, we may "force ship" product inventory to your Franchised Business sufficient to bring your product inventory to an acceptable level. If we do so, you are required to immediately pay us the direct costs for such inventory plus a 15% surcharge.
- 3 Fee is uniformly imposed.
- 4 Fee is not uniformly imposed.
- 5 "Gross Volume" includes all receipts from all of your sales by, at or in connection with your Franchised Business, including payments received by credit card, with no deduction for credit card or other charges, but excepting (a) billings which have not been collected, (b) customer refunds, and (c) sales taxes paid to any governmental authority. We reserve the right to require separate Gross Volume tracking and reporting.
- 6 We may impose the following fines pursuant to the franchise agreement:
 - a. We may assess a fine of up to \$100 for each day you use a POS System from a vendor that is not a Franchisor Approved Vendor.
 - b. We may assess a fine of up to \$100 for each violation of our signage requirements.
 - c. We may assess a fine of up to \$10,000 for each violation of our requirement that the Franchised Business be operated at the Franchise Premises.
 - d. We may assess a fine of up to \$1,000 for each violation if we find evidence that you have intentionally damaged product to avoid the restocking fee.
 - e. We may assess a fine up to \$500 for failing to participate in at least one (1) monthly conference call that we hold for all Franchisees.
 - f. We may assess a fine of up to \$2,500 for each violation of our requirement that you (a) sell only approved Products and Services, (b) refrain from engaging in any other business within the Franchise Premises, and (c) refrain from marketing or selling any Products or Services through the Internet, mail orders, by telephone, or any other means that could extend your sales and marketing efforts beyond the Franchise Premises.
 - g. We may assess a fine of up to \$50 for each day you are late in providing a copy of your lease to us.
 - h. We may assess a fine of up to \$100 for each violation of the Standards Manual.
 - i. We may assess a fine of up to \$5,000 for each violation of your requirement to maintain, renovate, remodel, or replace your Retail Outlet when reasonably required.
 - j. We may assess a fine of up to \$100 for each violation of our requirement that you display the signs designated by us and not place additional signs or posters without our prior written consent.

- k. We may assess a fine of up to \$50 per day for each piece of equipment used in the operation of your business that is purchased from a vendor that is not a Franchisor Approved Vendor.
 - l. We may assess a fine of up to \$5,000 for each violation of your equipment maintenance, repair and replacement obligations.
 - m. We may assess a fine of up to \$100 for each violation of our stationery and business cards requirements.
 - n. We may assess a fine of up to \$100 for each violation of our hours of operation requirements.
 - o. We may assess a fine of up to \$50 for each day you are delinquent in providing us with an income statement for the prior month.
 - p. We may assess a fine of up to \$25 for each day you are delinquent in paying any royalties that are due.
- 7 The maximum interest rate in California is 10% per annum.
- 8 Other Third-Party Fees are billed monthly and are paid for customer facing products or programs. These monthly fees are billed for each active franchise location and currently include a \$27 fee for REVV, \$27 fee for Rallio, \$5 fee for Google Workspace, \$16 for Bridge LMS and \$7 for Magento development services. These fees and services are subject to change.

ITEM 7

ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT					
(Column 1) Type of expenditure	(Column 2) Amount		(Column 3) Method of payment	(Column 4) When due	(Column 5) To whom payment is to be made
	New Franchisees	Continuing Franchisees (Note 1)			
Initial franchise fee	\$5,000 to \$15,000 (Note 2)	\$0 - \$5,000 (Note 1)	Lump sum	At signing of franchise agreement	Franchisor
Initial equipment & marketing costs	\$1,000	None	Lump sum	At signing of franchise agreement	Franchisor (Note 3)
POS system	\$2,000 to \$3,000	None	Lump sum	At signing of franchise agreement	Third party (Note 3)
Opening inventory (Note 4)	\$10,000 to \$30,000	None	Lump sum	Prior to opening	ZAGG
Travel and living expenses while training	None	None	Lump sum	(Note 6)	Franchisor
Real estate costs (Note 6)	\$10,000 to \$30,000	\$10,000 to \$30,000	As arranged	As incurred	Landlord, authorized suppliers, vendors
Miscellaneous opening costs (Note 7)	\$500 to \$5,000	None	As arranged	As incurred	Landlord, utilities, professionals, etc.
Additional funds (3 months) (Note 8)	\$20,500 to \$25,000	None	As arranged	As incurred	Employees, suppliers, utilities, etc.
Total (Notes 9, 10, 11)	\$49,000 to \$109,000	\$10,000 - \$35,000			

Notes:

- As discussed in Item 5 above, other than a license fee of up to \$5,000, Continuing Franchisees are not required to pay any of the initial costs described above in connection with entering into a franchise agreement.
- We may, in our sole discretion, waive any portion of the franchise fee for Franchisees based upon the location of the Franchised Business, anticipated sales per square foot and customer traffic in the Franchise Premises, credit worthiness, market availability, feasibility and other factors we deem appropriate.
- As discussed in Item 5 above, the total initial equipment and marketing costs is \$1,000 per Franchised Business. These costs are included in the initial franchise fee paid to us prior to entering into a franchise agreement. The point-of-sale (“POS”) system fee will be paid directly to a vendor of our choosing. The initial cost of the standard POS system ranges from approximately \$2,000 to \$3,000. A monthly fee is also paid to the vendor (currently \$175 but subject to change).

- 4 The initial inventory for your Franchised Business will be selected by you with recommendations provided by us or ZAGG.
- 5 Initial real estate costs depend on the size, type (e.g., mall cart, kiosk or in-line space) and location of your Retail Outlet; improvement costs related to architecture and design, floor covering, wall treatment, counters, ceilings, painting, window coverings, electrical, carpentry, installation and similar work and contractor's fees; the market; and the extent to which common area expenses are passed through to tenants. On average, the approximate sizes of the respective Retail Outlet types are as follows: mall carts – 50 sq. ft., kiosks – 100 sq. ft., and in-line spaces – 600-1,500 sq. ft. If your Retail Outlet will consist of a kiosk, you will have the option to purchase a pre-fabricated kiosk from us or another approved supplier. The cost of our prefabricated kiosk is between \$25,000 - \$40,000, depending on the design of the kiosk. If your Retail Outlet will consist of a mall cart and the mall cart is not provided as part of your lease, you will have the option to purchase a prefabricated mall cart from us or another approved supplier. The cost of our prefabricated mall cart is between \$10,000 - \$20,000, depending on the design of the mall cart. You are fully responsible for all such additional costs.
- 6 This includes required initial cash on hand, security deposits, utility costs (including Internet service), insurance costs and entity formation and business licensing fees.
- 7 You will need to support ongoing expenses related to real estate for the franchised business including but not limited to, rent, leasehold improvements, utilities, signage, etc.
- 8 You will need to support ongoing expenses related to payroll, utilities, and the POS system, to the extent these costs are not covered by your revenue. New businesses often generate negative cash flow. These figures are estimates and we cannot guarantee that you will not have additional expenses starting the business. Your costs will depend on factors such as: how much you follow our methods and procedures; your management skill, experience, and business acumen; local economic conditions; the local market for the Products and Services you sell; the prevailing wage rate; competition; and the sale level reached during the initial period. The ongoing costs associated with the use of the POS system generally range from \$120 to \$200 per month depending upon the specific system features you select. In order to support such ongoing operations, you are required to establish and maintain minimum available working capital of \$10,000 for each Retail Outlet you operate.
- 9 These estimates do not include the initial real estate costs described above, which vary based upon the factors set forth in Note 4. We have compiled these estimates in reliance on our experience operating franchises and our general business experience. You should review these figures carefully with a business advisor before making any decision to purchase the franchise.
- 10 Except as described in Item 10 below, we do not offer financing to franchisees for any items.
- 11 All fees or other amounts payable to us are non-refundable.

ITEM 8
RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

To make sure that the highest degree of quality and service is maintained, you must operate the Franchised Business in strict conformity with the methods, standards, and specifications prescribed by us from time to time in a manual provided to you (the “Standards Manual”) or otherwise in writing.

Products, Services and Other Items

All approved Products and Services sold or offered for sale at the Franchised Business must meet our then-current standards and specifications and be approved by us. You must purchase, install and use all fixtures, furnishings, equipment, décor, supplies, computers and communications hardware and software, signs and materials as we may reasonably require in our Standards Manual or other written materials (collectively, “Business Items”). You must purchase all approved Products solely from manufacturers, distributors and suppliers who demonstrate to our continuing reasonable satisfaction the ability to meet our standards and specifications, who possess adequate quality controls and capacity to supply your needs promptly and reliably, and who have been approved by us in the Standards Manual or otherwise in writing. You may not purchase, offer or sell any products or services, or use at your Franchised Business any products, services or Business Items, that we have not previously approved in writing as meeting our standards or specifications, or that we have disapproved. We may designate an approved supplier (“Franchisor Approved Vendor”), which may be us or our affiliate, for any Products, equipment, supplies or services, and you must purchase these items from such Franchisor Approved Vendor(s). Without prior written permission you may not contract with alternative suppliers. Currently we have no designated procedure or criteria for securing approval for purchasing from a Franchisor Approved Vendor. To obtain approval to purchase from an alternative supplier you must provide us a request in writing and we will respond to such request in thirty (30) days if such approval is then revoked, we will provide advance written notice thirty (30) days in advance.

If you fail to maintain adequate product inventory levels as determined in accordance with the franchise agreement, we may “force ship” product inventory to your Franchised Business sufficient to bring your product inventory to an acceptable level. If we do so, you are required to immediately pay us the direct costs for such inventory plus a 15% surcharge. Adequate product inventory levels are determined in our sole reasonable discretion. We estimate that approximately at least \$50,000 in annual inventory and supply purchases will be required each year.

Products for your Franchised Business must be purchased from Franchisor Approved Vendors. ZAGG is currently the sole Franchisor Approved Vendor for Products, except that fulfillment of purchases of Additional Products through myvoicecomm.com and mobiledefenders.com is currently administered directly by Voice Comm, LLC and Mobile Defenders LLC, respectively. Certain mobile accessories must be purchased from Voice Comm, LLC when they are not available from ZAGG. Our affiliate, Mobile Defenders is the required supplier of repair parts for cell phones and mobile devices. We are also a Franchisor Approved Vendor for the Business Items required for the operation of your Franchised Business. iQmetrix is currently the only Franchisor Approved Vendor for the point-of-sale (“POS”) system required to be used in the operation of your Franchised Business. ZAGG also sells Products to other third parties and ZAGG determines the pricing that all customers pay for such Products.

We may receive payments, such as rebates, or other compensation from suppliers on account of the suppliers’ dealings with us, you, or other franchisees in our franchise system. If we do receive these payments from suppliers, we may use the amounts that we receive for any purpose that we deem appropriate. We currently do not have any arrangements for, or collect, any amounts on account of our franchisees’ dealings with suppliers other than us or our affiliates, but we may in the future. We did not

derive any revenue from Mobile Defenders from any purchases required by franchisees.

In addition to the arrangements, we have established with Voice Comm, LLC and Mobile Defenders LLC with respect to the purchase of Additional Products, we may establish other strategic alliances, preferred vendor programs, supply contracts or purchase arrangements with suppliers that are willing to supply some products, services, Business Items or other items to some or all of the franchisees in our franchise system that will benefit us and our franchisees. If we do establish those types of alliances, programs or arrangements, we may limit the number of Franchisor Approved Vendors with whom you may deal, we may designate sources that you must use for some or all approved Products, Services and Business Items, and we may refuse to approve proposals from franchisees to add new Franchisor Approved Vendors if we believe that action would not be in the best interests of our franchise system or our franchisees collectively. The benefits, if any, that we may derive from such alliances, programs or arrangements will not flow to you.

You will be required to maintain credit card relationships with VISA, MasterCard, American Express, Diners Club, Discover and such other credit and debit card issuers or sponsors, check verification services, financial center services, and electronic fund transfer systems as we may designate in order that you may accept customers' credit and debit cards and other methods of payment. We have the right to require the addition or deletion of credit card relationships and other methods of payment. You are required to comply with all of our credit card policies including minimum purchase requirements for a customer's use of a credit card.

Insurance

You must obtain, before beginning the operation of your Franchised Business, and must maintain in full force and effect at all times during the term of your franchise agreement, at your own expense, an insurance policy or policies covering you, us, our affiliates and our respective officers, directors, partners and employees. The policies must provide protection against any demand or claim relating to personal and bodily injury, death or property damage, business interruption or any liability arising from your operation of the Franchised Business. All policies must be written by a responsible carrier or carriers whom we determine to be acceptable, must name us and our affiliates as additional insureds or loss payees (as applicable), and must provide at least the types and minimum amounts of coverage specified in your franchise agreement or otherwise in the Standards Manual.

Presently, you must maintain the following minimum insurance amounts: (1) comprehensive general liability policy, including products liability, in the amount of \$1,000,000 for each occurrence of bodily injury, death and property damage, or in such other amounts as we or the landlord may reasonably request, for the operation of the Franchised Business; (2) worker's compensation coverage as required by applicable state law; (3) fire and extended coverage, vandalism, malicious mischief and special extended coverage insurance to the extent of 100% of the replacement value of the Retail Outlet, as well as the cost of replacement of all equipment, inventory and personal property therein; (4) fire damage legal liability insurance in an amount of at least \$300,000 for each occurrence and (5) business interruption insurance, in an amount sufficient to cover your obligations to us under the franchise agreement, including but not limited to a monthly payment for the purchase of product inventory and required royalties in an amount equal to your average monthly purchase of product inventory and royalty payment during the year, during the period of any business interruption. In the event we or the landlord of your Retail Outlet determines in our/its discretion the Franchised Business dictates additional types of insurance and/or broader or higher coverage amounts, you will be required to immediately obtain such broader and/or higher coverage pursuant to the terms hereof. You must provide us with certificates confirming that the required insurance is in full force and effect at the following times: (a) prior to commencing operations of the Franchised Business, (b) on or before October 1 of each year following commencement of operations of

the Franchised Business, and (c) within five (5) days following any change to your insurance coverage.

Leases

If you will occupy your Retail Outlet under a lease, then you must, before signing the lease, submit the lease to us for our review and approval, which will not be unreasonably withheld. We may, in our sole and absolute discretion, require that your lease or sublease (or rider to the lease or sublease) contain certain lease terms and conditions which we deem appropriate to protect and preserve the integrity of our franchise system and our rights under your franchise agreement. Our review of the lease is solely for the purpose of protecting the integrity of the franchise system and our rights, and shall not be relied on in any way as legal advice related to your rights or the advisability of entering into the lease. You must provide us with a copy of the executed lease within five (5) business days of full execution.

Design and Construction

In-Line Stores. In the case of an in-line Retail Outlet, you must hire a licensed architect to prepare all required construction plans and specifications to suit the shape and dimensions of the site that we approve. We have the right to designate one or more suppliers of design and/or architectural services to perform these services for our franchise system. During any period that we have designated a design or architecture firm, before you begin to develop your Franchised Business, you must employ the designated supplier to prepare all designs and plans for the Franchised Business. If we have not designated suppliers for design and architectural services for your geographic area, you must locate and hire a qualified design consultant and architect who are licensed in your jurisdiction, who are reputable and experienced in providing design and architectural services, and who are acceptable to us. You must hire a qualified and reputable licensed general contractor, who is acceptable to us, to construct any in-line Retail Outlet.

Kiosks. In the case of a kiosk, you may purchase a prefabricated kiosk structure from a third party vendor approved by us or from another supplier approved by us in writing. Unless we otherwise agree in writing, and subject to the rules and regulations of the retail center where it is located, any kiosk structure used in the operation of your Franchised Business must comply with our standards and specifications and include the following components:

Cash Wrap

- Back lit logo
- Locking drawers and cabinets
- Space for POS
- Installation and storage area

Product Display Towers (2)

- Slat wall for hanging product
- Illuminated product area
- Graphics on sides illuminated with LED accent lighting
- Product storage below

Product/TV Display Tower

- Back-lit sign.
- Capability to hold a 32" TV securely
- Opposite side must match the other product display towers
- Graphics and LED accents.

Storage and Display Pillar

- Locking storage inside
- Top must be available for use as a counter or space for point of purchase display

If you choose to purchase your kiosk from a supplier other than us, you must obtain our prior written approval of both the supplier and the kiosk design.

Mall Carts. In the case of a mall cart, the design and construction will be dictated by our standards and specifications, subject to any rules and requirements of the retail center in which your mall cart is located.

Computer System

We may require you to use certain software, hardware and/or support services in connection with the operation of the Franchised Business. You are required to use POS software approved by us. Currently, RQ Retail Management by iQmetrix is the Franchisor Approved Vendor for such POS software. The store computer needs the capability to optimally run Windows 8 or above. You will also be required to maintain high speed internet services sufficient to support the operation of the POS system. You will be responsible directly to the third-party provider for all costs related to such internet services including, but not limited to, an initial fee and ongoing monthly fees (currently \$175). Other than the POS system, computer and associated internet services, there are no additional computer requirements for the operation of your Franchised Business.

Revenue from Franchisee Purchases

During the most recent fiscal year, we did not receive revenue from Franchisee Purchases.

We estimate that the cost of equipment, supplies and training services required to be purchased from us will represent 7 to 18% of the total cost of establishing, and approximately 1 to 3% of the total cost of operating, your Franchised Business. We estimate that the cost of Products required to be purchased from us or ZAGG will represent 17 to 67% of the total cost of establishing, and approximately 25 to 60% of the total cost of operating, your Franchised Business. Except as set forth in the previous sentence, none of our officers has an ownership interest in any other Franchisor Approved Vendor.

Except as described above, we will not derive revenue as a result of your purchases or leases in accordance with our standards and specifications or from Franchisor Approved Vendors.

Cooperatives

We do not currently have any purchasing or distribution cooperatives.

Negotiated Prices

We may elect, at our discretion, to engage in negotiations with suppliers of merchandising services, management of applicable retail centers and the supplier of our required POS system to obtain favorable pricing or other terms for the benefit of our franchisees.

Material Benefits

We do not provide any material benefits to you if you buy from sources we approve.

**ITEM 9
FRANCHISEE'S OBLIGATIONS**

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

Obligation	Section in agreement	Disclosure document item
a. Site selection and acquisition/lease	Sections 2.3, 7.1 and 7.2 of the franchise agreement	Items 6, 8 and 11
b. Pre-opening purchase/lease	Sections 2.3, 7.1 and 7.2 of the franchise agreement	Item 8
c. Site development and other pre-opening requirements	Sections 2.3, 7.1 and 7.2 of the franchise agreement	Items 6, 7 and 11
d. Initial and ongoing training	Section 2.3 of the franchise agreement	Item 11
e. Opening	Section 7.21 of the franchise agreement	Item 11
f. Fees	Article III of the franchise agreement	Items 5 and 6
g. Compliance with standards and policies/operating manual	Section 7.4, 7.7, 7.9, 7.10, 7.14, 7.16 and 8.3 of the franchise agreement	Item 11
h. Trademarks and proprietary information	Article VI and Sections 2.1, 8.1 and 8.3 of the franchise agreement	Items 13 and 14
i. Restrictions on products/services offered	Section 5.3 of the franchise agreement	Items 8 and 16
j. Warranty and customer service requirements	Section 7.14 of the franchise agreement	Item 11
k. Territorial development	Article V of the franchise agreement	Item 12
l. Ongoing product/service purchases	Sections 3.3, 7.11 and 7.12 of the franchise agreement	Item 8
m. Maintenance, appearance, and remodeling requirements	Sections 7.4-7.8 of the franchise agreement	Item 11
n. Insurance	Sections 11.2-11.5 of the franchise agreement	Items 6 and 8
o. Advertising	Sections 7.8, 7.9 and 7.16 of the franchise agreement	Items 6, 8 and 11
p. Indemnification	Sections 7.2, 11.1 and 11.6 of the franchise agreement	Item 6
q. Owners participation/management/staffing	Sections 7.1 and 7.3 of the franchise agreement	Items 11 and 15
r. Records and reports	Sections 7.18 and 7.19 of the franchise agreement	Item 6
s. Inspections, audits, and annual review	Section 7.15 of the franchise agreement	Item 17
t. Transfer	Article X of the franchise agreement	Item 17
u. Renewal	Section 2.2 of the franchise agreement	Item 17
v. Post-termination obligations	Sections 6.5 and 12.5 of the franchise agreement	Item 17
w. Non-competition covenants	Section 8.4 of the franchise agreement	Item 17
x. Dispute resolution	Articles XII and XIII of the franchise agreement	Item 17
y. Other: (Personal guarantees) (Security interest)	Section 14.9 of the franchise agreement Section 14.17 of the franchise agreement	Item 15

**ITEM 10
FINANCING**

We do not offer direct or indirect financing to franchisees for any items.

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 opening your Franchised Business, we will provide you with the following assistance:

- (1) We will, at your request, provide you with certain guidelines, factors to consider and recommendations which we believe, in our experience, are pertinent to your selection of an appropriate site for your Franchised Business. We will also be reasonably available for personal, telephonic and electronic consultation to answer questions and provide input related to site selection. We are not, however, generally responsible for selecting or approving the site for your Franchised Business. You are also solely responsible for obtaining any permits required for the operation of your Franchised Business and for conforming your Retail Outlet to local ordinances and building codes. (Franchise Agreement, Section 2.3.1)
- (2) If your Retail Outlet will consist of a kiosk, you will have the option to purchase a pre-fabricated kiosk from us or another approved supplier. Except with respect to the construction of a prefabricated kiosk you purchase from us, we are not responsible for the construction, remodeling or decorating of your Retail Outlet.
- (3) We will provide training to you (or one of your principal owners) and up to one additional individual of your choosing through our mandatory 3-day training program, there is no additional cost for the initial training fee. Beyond that, franchisees are permitted, at their option, to have additional individuals participate in the initial training program described above at a cost of \$1,000 per individual. The franchisee is responsible for all expenses related to the training, including travel, lodging and meal costs. (Franchise Agreement, Section 2.3.2)
- (4) ZAGG will provide you with certain basic equipment, signage and opening inventory (the "Basic Items") related to the opening of your Franchised Business as set forth in your franchise agreement. The costs for these items are described in the franchise agreement and Item 7 above and are payable to us at the time you enter into your franchise agreement. You will be responsible for obtaining at your cost any additional Business Items necessary for the operation of your Franchised Business. All such additional Business Items must comply with our standards and specifications and be supplied by approved vendors. ZAGG will arrange for delivery of the Basic Items to your Retail Outlet; however, you are responsible for installing such items. (Franchise Agreement, Sections 2.4, 3.2, 3.4 and 7.7)

Time Required for Opening

It is expected that Franchisees will typically be able to open their Franchised Business within 45 to 90 days after they sign a franchise agreement. The date by which operations must commence at the Franchised Business will be negotiated and set by you and us prior to entering into the franchise agreement. The factors that generally affect opening time include the location of the Retail Outlet, the time it takes to negotiate a lease of the Retail Outlet, ability to obtain financing, training schedules and timing of construction/installation.

Continuing Assistance

During the operation of the Franchised Business, we will provide you with the following assistance:

- (1) We will conduct an on-site inspection of the Franchised Business as soon as reasonably practicable after its opening for the purpose of observing the operation of the Franchised Business and providing you with feedback. (Franchise Agreement, Section 2.3.3)
- (2) We will offer advice and counsel in establishing the Franchised Business and make available to you (i) the Standards Manual; (ii) merchandising, marketing and advertising research data and advice which we may develop from time to time and which we may deem to be helpful in the operation of the Franchised Business; (iii) guidelines for the use of social media; and (iv) the opportunity to consult with our staff regarding routine operating matters, either by personal visit, telephone, email or mail as you may reasonably request. (Franchise Agreement, Section 2.3.4)
- (3) We may, in our sole discretion, establish suggested retail prices, minimum sale prices and maximum sale prices for the Products and Services sold through your Franchised Business. (Franchise Agreement, Section 7.20)

Advertising

All marketing and promotion of your Franchised Business must conform to our standards and specifications. We will have the right to review and approve all marketing plans and promotional materials that you propose to use, including all signage, stationery and business cards. You may not implement any marketing plan or use any promotional material without our prior written consent. (Franchise Agreement, Sections 7.8, 7.9)

We may, from time to time, in our sole and absolute discretion, provide you with promotional and marketing materials for use in the Franchised Business as well as system wide marketing materials related to new Products and Services made available for sale in the Franchised Business during the term of your franchise. (Franchise Agreement, Section 7.9)

We reserve the right to use any media we deem appropriate or advisable to advertise or market our franchise system, Products and Services. Such media may include, without limitation, the internet, social media, print ads, television and radio. Currently we utilize in-house, regional and national advertising agencies to market the Products and Services on a local, regional and national basis. We are not required to commit any particular amount on advertising within the territory in which your Franchised Business is located or to any franchise. There is currently no advertising council composed of franchisees that advises us on advertising policies. Currently you are not required to participate in any local or regional advertising cooperative, or any other advertising fund. (Franchise Agreement, Section 7.9) We reserve the right to implement a national advertising fund and to require you to pay a national advertising fund fee of one percent (1%) of Gross Revenue.

You will also be required to participate, contribute and share in the costs of any special programs and promotional efforts we sponsor from time to time, including, but not limited to, buying promotional discount cards for distribution to potential referral sources, distributing promotional discount cards to employees of referral sources and explaining the marketing program, on-site promotions, product giveaways, and gift card programs. You are not permitted to enter into or implement any marketing contract, arrangement or promotion pertaining to the operations of the Franchised Business without our prior written approval, which approval shall not be unreasonably withheld. (Franchise Agreement, Section 7.9)

You are also required to designate an employee to coordinate and focus on marketing efforts within the Retail Outlet. This designated employee will be responsible for coordinating local and franchisor sponsored marketing activities. (Franchise Agreement, Section 7.9)

Social Media Guidelines. We expect you to understand and follow our Franchise Social Media Policy. Social media is a space to engage, entertain, and educate ZAGG customers. You must ensure that every social media post addresses one, if not all of these goals. We encourage you to use your channels to (1) highlight customer stories about how the Products and Services provide a positive experience for them, (2) offer excellent customer service, and (3) communicate location-specific events or sales, all in accordance with our guidelines. (Franchise Agreement Section 2.3)

Computer Requirements. We require you to use certain software, hardware and/or support services in connection with the operation of the Franchised Business. You are required to use a POS system purchased from a vendor of our choosing in connection with your Franchised Business. The POS system will allow you to track inventory, sales and customers, and process credit cards. The initial cost for the standard POS system ranges from approximately \$2,000 to \$3,000, you will be responsible for purchasing the POS system from an approved vendor for any Franchised Business you operate. You will be responsible to pay the selected vendor directly for all ongoing costs related to the operation of the POS system. These ongoing costs generally range from \$120 to \$200 per month depending on the specific system features you select. You will be responsible for all ongoing costs related to the operation of the POS system, including mandatory and ongoing maintenance, repairs, upgrades and updates. We will have independent access to all of the information stored in the POS system, including information and data related to sales, product mix, salesperson productivity, inventory levels, labor costs and hours, and transaction details. There are no contractual limitations on our right to access such information. (Franchise Agreement, Sections 2.4 and 7.15)

Standards Manual. We will make available for your use, but not to own, a copy of our Standards Manual that contains mandatory and suggested specifications, standards and procedures. The Standards Manual is confidential and remains our property. We reserve the right to periodically revise the Standards Manual and you will be obligated to comply with any such revisions beginning 30 days after we provide you written notice of the revisions. You must require any persons to whom you give access to the Standards Manual to sign and deliver to us a confidentiality agreement in form and substance reasonably satisfactory to us. The Standards Manual has 32 pages and the table of contents is attached as Exhibit H. (Franchise Agreement, Sections 2.3 and 8.1)

Hours of Operation. We will specify the minimum operating hours, if any, in the Standards Manual; provided that if your Retail Outlet is located in a shopping mall, you must also comply with the shopping mall's requirements for hours of operation. (Franchise Agreement, Section 7.10)

Training.

<u>TRAINING PROGRAM</u>			
Subject	Hours of Classroom Training	Hours of On the Job Training	Location
Installation Training	6	N/A	(Note 1)
Sales Training	6	4	(Note 1)
Management Training	8	1	(Note 1)
Setup and Opening	2	2	(Note 1)
TOTAL	22	12	(Note 1)
Notes:			
1 All classroom training is completed at our corporate offices in Salt Lake City, Utah. All on the job training is conducted on location at your Retail Outlet.			

Before opening the Franchised Business, all New Franchisees (or a principal owner of such franchisee) and up to one additional individual selected by the franchisee must attend and complete to our satisfaction our mandatory 3-day training course. We provide the classroom portion of the training monthly (or more frequently as needed) at our corporate facilities in Salt Lake City, Utah. The on the job portion of the training is completed on location at the franchisee’s Retail Outlet. There is no initial training fee. In addition to the mandatory training described above, franchisees may also elect to have additional individuals participate in the initial training course at a cost of \$1000 per individual, which is payable to us in advance of participating in the training. The franchisee shall be responsible for all expenses related to the training, including travel, lodging and meal costs.

We will include as part of our initial and ongoing training a training curriculum for the repair services we authorize. We may also choose to implement a certification program for employees and locations that will provide repair services we authorize for electronic devices.

Training is currently conducted by Aaron Johnson and Tyson Lewis; however, the individuals involved in conducting the training may change from time to time.

Mr. Johnson is currently our Director, Franchise Program, and has been a manager or retail salesperson for ZAGG since May 2006. He has fourteen years of experience in the retail sales industry, including specific information related to the marketing and sale of ZAGG Products.

Mr. Lewis is currently our Franchise Operations Manager. He has nine years of consumer electronics retail experience including point of sale management, sales training, and inventory management.

At the training program you will receive instructional materials related to the operation of the Franchised Business. Such materials will include information and instruction related to product installation, sales and management, as well as any additional information related to our standard operating policies and procedures which our training instructors deem necessary or appropriate.

You are required to participate in at least one monthly phone conference which we hold for all Franchisees. We may offer and you may attend additional ongoing educational courses offered by us. This may include access to webinars, teleconferences, and regional training. You and your employees will be responsible for all expenses incurred in connection with such additional training courses, including the cost of transportation, lodging, meals and wages during any training courses.

ITEM 12 TERRITORY

Upon signing the franchise agreement, you will receive an exclusive territory in which to operate your Franchised Business. Your exclusive territory will consist of the specific shopping mall or retail center in which your Retail Outlet is located or a defined geographic area if the location is not in a specific shopping mall or retail property (“Franchise Premises”). The Franchise Premises will be within the market you choose for your Franchised Business. This right is not dependent upon achievement of a certain sales volume, market penetration or any other contingency. Subject to your compliance with all applicable terms and conditions related to the operation of the Franchised Business, you may operate additional Retail Outlets within the Franchise Premises; however, you must obtain our prior written approval to operate additional Franchised Businesses or relocate your Franchised Business outside the Franchise Premises, which approval may be withheld in our sole and absolute discretion. Neither we nor any of our affiliates will establish or operate, through franchise or otherwise, another Franchised Business in your Franchise Premises without your prior written consent.



Although we will not establish or operate another Franchised Business in your Franchise Premises without your prior written consent, we and our affiliates retain the right, in our sole discretion, to offer approved Products and Services and any other products and services identified by brands controlled by us or our affiliates through channels of distribution other than through Franchised Businesses to locations and customers located anywhere, including within your Franchise Premises. By way of example but not limitation, you may be competing against sales of Products through the ZAGG website and other distributors and third party electronics retailers including but not limited to Best Buy, Walmart, AT&T, Verizon, T-Mobile, Sprint, Staples, Office Depot, Target, Amazon, and CPR Franchisees. We and our affiliates also reserve the right to sell products and offer services through mail order, catalog sales, telemarketing, Internet, television, newspaper and any other advertising media to consumers located anywhere, including within your Franchise Premises. These other sources of distribution could compete with you. We have no obligation to pay any compensation for soliciting or accepting orders from inside the Franchise Premises. Additionally, we and our affiliates have the right to establish, develop, and license or franchise other systems, different from the Franchised Businesses operating under the ZAGG trade name within or outside the Franchise Premises, without offering or providing you any rights in, to or under such other systems.

You will only be permitted to sell approved Products and Services at the retail site of the Franchised Business within the Franchise Premises. We may also authorize you to apply to operate a CPR Franchise at your Retail Outlet in conjunction with the operation of your Franchised Business. You will not be permitted to engage in any other business within the Franchise Premises without our prior written consent. You will also be prohibited from marketing or selling the approved Products and Services through the Internet, through mail orders, by telephone, or any other means that could extend your sales efforts beyond the Franchise Premises. Finally, you may not use any of our or our affiliates’ trademarks on the Internet or any website which you own or control, including any tags or key words on any website page, without our prior written consent.


**ITEM 13
TRADEMARKS**

Under the franchise agreement, we grant you a limited, non-exclusive right to use the ZAGG trade name (the “Trade Name”) and certain designated trademarks, service marks, slogans and logos (collectively, the “Marks”) in the operation of the Franchised Business, and for no other purpose. You must obtain all artwork for use of the Trade Name and Marks from us, unless you first get approval from us.

The Marks include the trademarks listed below, which are registered with the United States Patent and Trademark Office (“USPTO”):

Mark	Registration Number	Registration Date	Intl. Class	Register
INVISIBLE SHIELD	3825458	7/27/2010	009, 014, 028	Principal
ZAGG	3838237	8/24/2010	009, 014, 028	Principal
INVISIBLE SHIELD	4140986	5/15/2012	009, 014, 028	Principal
ZAGG	4137585	5/8/2012	009, 014, 028	Principal
ZAGG	4258130	12/11/2012	009	Principal
	4634052	11/04/2014	009	Principal
mophie	5064963	10/18/2016	009	Principal
	4318944	4/9/2013	009	Principal

The Marks also include various common law trademarks, including those listed below:

Mark
INVISIBLESHIELD

InvisibleShield by ZAGG

ZAGG. owns the Trade Name, the Marks, any development resulting from the Trade Name and Marks, and any and all goodwill associated with the Trade Name and Marks. ZAGG has licensed to us the right to use and allow our franchisees the right to use the Trade Name and Marks. The license agreement terminates August 31, 2030 but renews automatically for subsequent ten (10) year periods and cannot be terminated if doing so would violate an applicable franchise law or regulation. If the licensing agreement is terminated, we will require you to modify or discontinue the use of the Trade Name or any Mark and/or use one or more additional or substitute trade names or trademarks. You will be obligated to do so within 30 days of our request. Changes must be made at your expense; except we will be responsible for reasonable signage expenses in modifying or discontinuing the use of the Trade Name or Mark.

ZAGG intends to file all necessary affidavits for use and renewal applications when they become due. There are no currently effective material determinations of the USPTO, the Trademark Trial and Appeal Board, or any state trademark administrator or court, nor are there any pending infringement, opposition or cancellation proceedings or material litigation, involving any of the Trade Name or the Marks.

You must promptly notify us in writing of any claim of infringement, unfair competition or other challenge to your right to use the Trade Name or any of the Marks, or in the event you become aware of any use of or claims to the Trade Name or any of the Marks by persons other than us, ZAGG or our franchisees. You may not communicate with anyone except us and our counsel in connection with any such infringement, challenge or claim except pursuant to judicial process. We will have sole discretion regarding any action in connection with any such infringement, challenge or claim, and the sole right to control exclusively any litigation or other proceeding arising out of any infringement, challenge or claim relating to the Trade Name or any of the Marks. You must sign all instruments and documents, render any assistance, and do any acts that our attorneys deem necessary or advisable in order to protect and maintain our interest in any litigation or proceeding related to the Marks or otherwise to protect and maintain our interest in the Trade Name and the Marks.

If we decide to modify or discontinue the use of the Trade Name or any Mark and/or use one or more additional or substitute trade names or trademarks, including due to a request from ZAGG, or due to the rejection of any pending registration or revocation of any existing registration of the Trade Name or any of the Marks, or the rights of senior users, you will be obligated to do so within 30 days of our request. Changes must be made at your expense, except we will be responsible for reasonable signage expenses in modifying or discontinuing the use of the Trade Name or Mark. You must not attempt to acquire or establish any legal right, title or interest in the Trade Name or any of the Marks, in any variation of the Trade Name or in any of the Marks, in any mark phonetically or confusingly similar to the Trade Name or any of the Marks, in any substitute trade name or trademark or in any variation of any substitute trade name or trademark.

You must follow our rules in your use of the Trade Name and Marks. You may use the Trade Name as an assumed name, fictitious name or d/b/a, provided it is duly registered or recorded in accordance with the laws applicable to the jurisdiction in which your Franchised Business is located, and if approval is received from us. Neither the Trade Name nor any of the Marks may be used as part of any entity name under which you operate or any entity name registered in any state of the United States or in any foreign country. Without our prior written consent, you may not use the Trade Name or any of the Marks on the Internet or any web site that you own or control, including as tags or key word associated with any web page. All artwork, marketing materials, and advertising materials using the Trade Name and any of the Marks must be obtained from us or our designee, unless we approve otherwise. Even if we approve your own materials or artwork, you bear all legal responsibility for its use.

We are not aware of any superior prior rights or infringing uses of the Trade Name or Marks that could materially affect your use of the Trade Name or Marks in the state where your Franchised Business will be located.

ITEM 14
PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

There are no patents or pending patent applications that are material to the franchise, but we do claim proprietary rights and common law copyrights to the confidential information contained in the Standards Manuals. The Standards Manuals are described in Item 11. We also claim common law copyrights on operational materials and on other proprietary materials. The Standards Manuals and other proprietary materials have not been registered with any copyright office. We are not aware of any infringing use of these materials. You must treat the Standards Manuals and other proprietary information as confidential and comply with the confidentiality restrictions under the Franchise Agreement. Other than our confidentiality restrictions, there are no agreements in effect that significantly limit our right to use the materials. You must also promptly tell us when you learn about any unauthorized use of this proprietary information. We have reasonable discretion to take whatever action we deem appropriate and the sole right to control any litigation or other proceeding arising out of any infringement, challenge or claim to any copyright, including the right to direct any settlement of the claims. We are not obligated to take any action but will respond to this information as we feel appropriate. We will not indemnify you for losses brought by a third party concerning your use of this information.

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

One of the principal shareholders, partners or members is required to be the primary manager of the Franchised Business. You must retain all title, right, interest, ownership, and control over the Franchised Business. We strongly believe that the success of your Franchised Business will depend in large part on your personal and continued efforts, supervision and attention. You will be solely responsible for all obligations associated with the management and operation of the Franchised Business, including, but not limited to, employees, leases, rental agreements, utilities, telephone service, taxes, local licensing fees, insurance, equipment purchases, signage, advertising, printing, supplies, inventory acquisition, cleaning, maintenance, and repairs.

One of the principal shareholders, partners or members of the Franchised Business and one other designated person must attend and successfully complete the mandatory initial training program described in Item 11 of this disclosure document. One of your principal shareholders, partners or members and up to one other designated individual must attend and successfully complete the initial mandatory training program.

The franchise agreement requires all beneficial holders of at least 10% of the ownership in the entity (and any individual owners of any entity holding at least a 10% ownership interest in such entity) to execute a personal guaranty, pursuant to which they guarantee performance of all your obligations under the franchise agreement and agree to be personally bound by all the conditions and terms of the franchise agreement.

You must comply with all applicable federal, state and local laws. You must obtain and maintain all necessary permits, certificates, licenses and consents to operate the Franchised Business.

ITEM 16
RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You must offer for sale all Products and Services that we designate as required for all franchisees and may only offer for sale those Products and Services that we approve or specify for the Franchised Business that you operate. You may not offer for sale any products or offer any services that we have not approved for your Franchised Business. We have the right to approve different products or services for different Franchised Businesses within our franchise system and to change the approved Products and Services from time to time. There are no limits to our right to do so. Additionally, we have the right, in our sole and absolute discretion, to provide suggested retail prices and prescribe minimum and maximum prices that you may charge to customers for approved Products and Services.

ITEM 17
RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

THE FRANCHISE RELATIONSHIP		
This table lists certain important provisions of the franchise and related agreements. You should read these provisions in the agreements attached to this disclosure document.		
Provision	Section in franchise or other agreement	Summary
a. Length of the franchise term	2.2	Commences on the date of the franchise agreement for a period of three (3) years.
b. Renewal or extension	2.2.1	Upon expiration of the initial term of the franchise agreement, your franchise will automatically renew for consecutive periods of 3 years each if our requirements are met. You may elect to terminate the franchise agreement by providing written notice to us of your intent not to renew the franchise agreement at least 3 months prior to the expiration of the then applicable term.
c. Requirement for franchisee to renew or extend	2.2.1, 2.2.2	<p>We may require you to comply with any or all of the following requirements as a condition to the renewal of your franchise for any additional term: (a) you are not in default under the original franchise agreement or any other agreement with us or any of our affiliates, (b) you sign the then current franchise agreement, (c) you sign a general release of claims against us, our affiliates and our/their officers and directors, (d) you have the right to remain in possession of your retail outlet for such additional term, and (e) you are current with all vendors and creditors. This means that prior to commencing any renewal term, you may be required to sign a franchise agreement that may have terms and conditions that are materially different from those in your existing franchise agreement.</p> <p>We may also elect not to allow an extension or renewal of the franchise for any reason provided we so notify you at least 3 months prior to the expiration of the then applicable term.</p>
d. Termination by franchisee	Not Applicable	Subject to state law
e. Termination by franchisor without cause	Not Applicable	Not Applicable
f. Termination by franchisor with cause	12.4	Upon default by you which remains uncured after applicable cure period, if any.

g. "Cause" defined – curable defaults	12.4.1 – 12.4.6	<p>Curable defaults:</p> <p>You have 30 days to cure: unsatisfied final judgment against you, or suit to foreclose lien or mortgage against the Retail Outlet or equipment;</p> <p>You have 10 days after written notification to cure: failure to pay indebtedness to us or any of our suppliers, breach of any other obligations under the franchise agreement;</p> <p>You have 2 days after written notification to cure any serious or imminent threat of danger to public health or safety resulting from the construction maintenance or operation of the Franchised Business;</p> <p>If you breach any term of the lease or sublease for the Retail Outlet, you must cure such breach within the cure period provided in such lease or sublease;</p> <p>If you violate any law, ordinance, rule or regulation, you must cure within the earlier of: (a) the timeframe provided by a governmental authority; or (b) thirty (30) days after receipt of written notice from Franchisor.</p>
h. "Cause" defined – non-curable defaults	12.4.3, 12.4.7 – 12.4.15	<p>Non-curable defaults: conviction of any offense that the Franchisor believes is likely to have a material adverse effect on the Franchise System or the goodwill associated with the Marks, failure to maintain sufficient working capital, bankruptcy, general assignment for benefit of creditors, receivership appointed over your property, judgment levied against your business or property, three or more breaches of your obligations under the franchise agreement during a 12 month period, denial of our right to inspect the Franchised Business, deleterious or reckless conduct, unauthorized purported transfer of franchise, failure to maintain full complete and accurate books of account and records, knowingly submitting false reports to us, misuse of confidential information, the Trade Name or any of the Marks, material impairment of our goodwill or rights under the franchise agreement, loss of right to possession of your Retail Outlet, default under any other agreement with us or any of our affiliates, closing a Retail Outlet for a period of longer than ten (10) consecutive days (or in the case of a Retail Outlet in a seasonal location, closing a Retail Outlet for a period of longer than ten (10) consecutive days during the season in which the majority of similar stores are open).</p>
i. Franchisee's obligations on termination/non-renewal	6.5, 12.5	Complete de-identification, return of documents, payment of amounts owed, destruction or return of materials including the Trade Name or any of the Marks.
j. Assignment of contract by franchisor	10.3	No restriction on our right to assign.
k. "Transfer" by franchisee defined	10.1	Includes voluntary or involuntary transfer of contract or assets or ownership change.
l. Franchisor approval of transfer by franchisee	10.1	We have the right to approve or reject all transfers.
m. Conditions for franchisor approval of transfer	10.1.1	Transferee qualifies, approval of transaction structure, payment of all outstanding debts to us, all defaults cured, execution by transferee of then current franchise agreement, payment of transfer

		fee, agreement of transferee to attend initial training, timely execution of acknowledgement of receipt of applicable disclosure document, receipt of all information requested by franchisor, execution of general release by you, compliance with right of first refusal requirements.
n. Franchisor's right of first refusal to acquire franchisee's business	10.4	We can match any offer for the Franchised Business.
o. Franchisor's option to purchase franchisee's business	12.5.2	Upon termination, we have the right to purchase or lease your Retail Outlet or purchase your equipment and inventory at its depreciated value.
p. Death or disability of franchisee	10.2	Franchise must be assigned by estate to approved buyer within 6 months.
q. Non-competition covenants during the term of the franchise	8.4	Subject to State law, no involvement in competing business. Applies to franchisee and any person that owns an interest in franchisee.
r. Non-competition covenants after the franchise is terminated or expires	8.4	Subject to State law, no involvement in competing business for 2 years after termination. Applies to franchisee and any person that owns an interest in franchisee.
s. Modification of agreement	14.2	Requires writing signed by both parties.
t. Integration/merger clause	14.5	Only the terms of the franchise agreement are binding (subject to state law). Any representations or promises made outside the disclosure document and franchise agreement may not be enforceable. The franchise agreement does not disclaim representations in the disclosure document.
u. Dispute resolution by arbitration or mediation	13.1, 13.2	Disputes must be arbitrated in our state of , residence (currently Cleveland, Ohio) subject to state law. Arbitration is required for all claims related to the franchise agreement other than the following: claims related to confidential information, the Trade Names or any of the Marks, non-competition covenants, leases or subleases between the parties or their related entities, franchisee's post-termination obligations, violations of transfer restrictions, impairment of the goodwill associated with the Trade Name or any of the Marks, and danger, health or safety of franchisee, its employees, customers or the public; and requests for restraining orders or other injunctive relief.
v. Choice of forum	12.1	Subject to the provisions of any applicable law of the jurisdiction in which the Franchised Business is located and any applicable law of the jurisdiction in which the franchisee resides, any court action must be brought in the courts of record of our state of residence (currently Cleveland, Ohio).
w. Choice of law	12.2	Subject to the provisions of any applicable law of the jurisdiction in which the Franchised Business is located and any applicable law of the jurisdiction in which the franchisee resides, the law of our state of residence (currently Ohio) applies.

ITEM 18
PUBLIC FIGURES

We do not currently use any public figures to promote our franchise system.

ITEM 19
FINANCIAL PERFORMANCE REPRESENTATIONS

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

Monthly Gross Volume for the calendar years 2022 and 2023 of all ZAGG Retail Outlets operational for at least one (1) month during the respective year is included in the charts below. This includes franchisees in 2022 and franchisees in 2023.

Gross Volume for Calendar Year 2022	
Average Monthly Gross Volume	\$25,297.41
Average Monthly Gross Median	\$20,919.45
Highest Month Gross Volume	\$132,485.87
Lowest Month Gross Volume	\$1,522.82
Average Monthly Gross Volume of Highest Grossing ZAGG Retail Outlet	\$86,724.57
Average Monthly Gross Volume of Lowest Grossing ZAGG Retail Outlet	\$6,839.53

Gross Volume for Calendar Year 2023	
Average Monthly Gross Volume	\$27,413.97
Average Monthly Gross Median	\$21,432.26
Highest Month Gross Volume	\$112,766.89
Lowest Month Gross Volume	\$5,114.03
Average Monthly Gross Volume of Highest Grossing ZAGG Retail Outlet	\$83,991.88
Average Monthly Gross Volume of Lowest Grossing ZAGG Retail Outlet	\$7,781.05

In the Gross Volume for Calendar Years 2022 and 2023 tables, all ZAGG Retail Outlets that were operational for at least one month are included. This includes the ZAGG Retail Outlets that were temporarily closed, and otherwise affected, by the COVID-19 pandemic.

Gross Volume is defined as the following: all receipts from all of Franchisee’s sales by, at or in connection with the Franchised Business, including payments received by credit card, with no deduction for credit card or other charges, but excepting (a) billings which have not been collected, (b) customer refunds, and (c) sales taxes paid to any governmental authority.

“Highest Month Gross Volume” is the highest Gross Volume reported by an individual ZAGG Retail Outlet for a one-month period during the respective year.

“Lowest Month Gross Volume” is the lowest Gross Volume reported by an individual ZAGG Retail Outlet for a one-month period during the respective year.

“Highest Grossing ZAGG Retail Outlet” is the ZAGG Retail Outlet that reported the highest total Gross Volume for the respective year.

“Lowest Grossing ZAGG Retail Outlet” is the ZAGG Retail Outlet that reported the lowest total Gross Volume for the respective year.

Gross Profit Margins for the calendar years 2022 and 2023 of all ZAGG Retail Outlets operational for at least one (1) month is included in the chart below. This includes 112 franchisees. The Average Gross Profit Margin includes all 109 franchisees and is not weighted.

Gross Profit Margin for Calendar Year 2022	
Average Gross Profit Margin	70%
Minimum Gross Profit Margin	55%
Maximum Gross Profit Margin	73%

Gross Profit Margin for Calendar Year 2023	
Average Gross Profit Margin	70%
Minimum Gross Profit Margin	55%
Maximum Gross Profit Margin	73%

Gross Profit Margin is defined as net sales less cost of goods sold divided by net sales.

“Maximum Gross Profit Margin” is the maximum Gross Profit Margin that was reported by a ZAGG Retail Outlet during the calendar year.

“Minimum Gross Profit Margin” is the minimum Gross Profit Margin that was reported by a ZAGG Retail Outlet during the calendar year.

The data included in these charts includes the ZAGG Retail Outlets operational for at least one month during the respective year. It includes ZAGG Retail Outlets that were temporarily closed during the respective years and includes corporate owned locations.

We will provide written substantiation for these financial performance representations to prospective franchisees upon reasonable request.

Some ZAGG Retail Outlets have sold this amount. Your individual results may differ. There is no assurance you will sell as much or have a similar gross profit margin. Actual results may vary from franchise to franchise and depend on a variety of internal and external factors, some of which neither we nor you can estimate, including competition, weather, differences in management skills and experience levels, relationships with wireless communications stores, general economic climate, demographics, location, size and type, changes in technology and changing customer preferences. We cannot estimate the results of a particular franchise. These matters should be considered when you prepare your business plan. We recommend that you make your own independent investigation to determine whether or not the franchise may be profitable and consult with an attorney and other advisors before executing any agreement.

Other than the preceding financial performance representation, we do not make any representations about a franchisee’s future financial performance or the past financial performance of company-owned or franchised outlets. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive other financial performance information or projections of your future income, you should report it to the franchisor’s management by contacting Jessica Czekalinski at 7100 E. Pleasant Valley Rd. Ste. 300 Independence, OH 44131 (216) 674-0645, the Federal Trade Commission, and the appropriate state regulatory agencies.

**ITEM 20
OUTLETS AND FRANCHISEE INFORMATION**

**Table No. 1
Systemwide Outlet Summary
For years 2021 through 2023 for the fiscal years ending December 31st, 2023**

(Column 1) Outlet Type	(Column 2) Year	(Column 3) Outlets at the Start of the Year	(Column 4) Outlets at the End of the Year	(Column 5) Net Change
Franchised	2021	92	105	+13
	2022	105	100	-5
	2023	100	98	-2
Company Owned	2021	5	4	-1
	2022	4	4	0
	2023	4	1	-3
Total Outlets*	2021	97	109	+12
	2022	109	104	-5
	2023	104	99	-5

**Table No. 2
Transfers of Outlets from Franchisees to New Owners
(Other than the Franchisor) for years 2021 through 2023 for the fiscal years ending December 31st,
2023**

(Col. 1) State	(Col. 2) Year	(Col. 3) Number of Transfers
Florida	2021	2
	2022	0
	2023	0
Oregon	2021	0
	2022	1
	2023	0
Rhode Island	2021	1
	2022	0
	2023	0
Texas	2021	0
	2022	0
	2023	1

Utah	2021	0
	2022	0
	2023	5
Washington	2021	1
	2022	0
	2023	0
Total	2021	4
	2022	1
	2023	6

Table No. 3
Status of Franchise Outlets
For years 2021 through 2023 for the fiscal years ending December 31st, 2023

(Col. 1) State	(Col. 2) Year	(Col. 3) Outlets at Start of Year	(Col. 4) Outlets Opened	(Col. 5) Terminations	(Col. 6) Non- Renewals	(Col. 7) Reacquired by Franchisor	(Col. 8) Ceased Operations – Other Reasons	(Col. 9) Outlets at End of Year
Alaska	2021	3	0	0	0	0	0	3
	2022	3	0	0	0	0	0	3
	2023	3	0	0	0	0	0	3
Arizona	2021	2	2	0	0	0	0	4
	2022	4	0	0	0	0	0	4
	2023	4	0	0	0	0	0	4
California	2021	13	1	0	0	0	0	14
	2022	14	1	1	0	0	0	14
	2023	14	0	0	0	0	0	14
Colorado	2021	3	0	0	0	0	0	3
	2022	3	0	0	0	0	0	3
	2023	3	0	0	0	0	0	3
Connecticut	2021	2	0	0	0	0	0	2
	2022	2	0	0	0	0	0	2
	2023	2	0	0	0	0	0	2
Delaware	2021	1	1	1	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	1	0	0	0	0
District of Columbia	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
Florida	2021	2	0	0	0	0	0	2
	2022	2	1	2	0	0	0	1
	2023	1	0	0	0	0	0	1
Georgia	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
Idaho	2021	1	2	0	0	0	0	3
	2022	3	1	0	0	0	0	4
	2023	4	0	0	0	0	0	4
Iowa	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
Illinois	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
Kansas	2021	0	0	0	0	0	0	0
	2022	0	1	0	0	0	0	1

	2023	1	0	0	0	0	0	1
Kentucky	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	1	0	0	0	0
Maine	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
Maryland	2021	3	0	0	0	0	0	3
	2022	3	0	0	0	0	0	3
	2023	3	0	0	0	0	0	3
Massachusetts	2021	5	0	0	0	0	0	5
	2022	5	0	1	0	0	0	4
	2023	4	0	1	0	0	0	3
Michigan	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
Minnesota	2021	3	0	0	0	0	0	3
	2022	3	0	1	0	0	0	2
	2023	2	0	2	0	0	0	0
Missouri	2021	1	1	0	0	0	0	2
	2022	2	0	2	0	0	0	0
	2023	0	0	0	0	0	0	0
Nevada	2021	1	0	0	0	0	0	1
	2022	1	0	1	0	0	0	0
	2023	0	0	0	0	0	0	0
New Hampshire	2021	3	0	0	0	0	0	3
	2022	3	0	0	0	0	0	3
	2023	3	0	0	0	0	0	3
New Jersey	2021	6	2	0	0	0	0	8
	2022	8	1	0	0	0	0	9
	2023	9	1	0	0	0	0	10
New York	2021	7	0	0	0	0	0	7
	2022	7	0	1	0	0	0	6
	2023	6	1	1	0	0	0	6
North Carolina	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
Ohio	2021	3	1	0	0	0	0	4
	2022	4	0	0	0	0	0	4
	2023	4	0	0	1	0	0	3
Oklahoma	2021	0	1	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
Oregon	2021	2	0	0	0	0	0	2
	2022	2	0	0	0	0	0	2
	2023	2	0	0	0	0	0	2
Pennsylvania	2021	1	0	1	0	0	0	0
	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0

Puerto Rico	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	1	0	0	0	0	2
Rhode Island	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
South Carolina	2021	0	0	0	0	0	0	0
	2022	0	1	0	0	0	0	1
	2023	1	0	0	0	0	0	1
Tennessee	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
Texas	2021	9	1	0	0	0	0	10
	2022	10	0	1	0	0	0	9
	2023	9	1	1	0	0	0	9
Utah	2021	12	3	0	0	0	0	15
	2022	15	1	1	0	0	0	15
	2023	15	3	1	0	0	0	17
Virginia	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
Washington	2021	3	0	0	0	0	0	3
	2022	3	0	1	0	0	0	2
	2023	2	0	0	0	0	0	2
Wisconsin	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
Total	2021	92	15	2	0	0	0	105
	2022	105	7	12	0	0	0	100
	2023	100	7	8	0	1	0	98

Table No. 4
Status of Company-Owned Outlets
For years 2021 through 2023 for the fiscal years ending December 31st, 2023

(Col. 1) State	(Col. 2) Year	(Col. 3) Outlets at Start of Year	(Col. 4) Outlets Opened	(Col. 5) Outlets Reacquired from Franchisees	(Col. 6) Outlets Closed	(Col. 7) Outlets Sold to Franchisees	(Col. 8) Outlets at End of Year
Texas	2021	2	0	0	1	0	1
	2022	1	0	0	0	0	1
	2023	1	0	0	0	0	1
Utah	2021	3	0	0	0	0	3
	2022	3	0	0	0	0	3
	2023	3	0	0	0	3	0

Total	2021	5	0	0	1	0	4
	2022	4	0	0	0	0	4
	2023	4	0	0	0	3	1

**Table No. 5
Projected Openings
As of December 31, 2021**

(Col. 1) State	(Col. 2) Franchise Agreements Signed but Outlet Not Opened	(Col. 3) Projected New Franchised Outlets in the Next Fiscal Year	(Col. 4) Projected New Company- Owned Outlets in the Next Fiscal Year
Arizona	1	1	0
Arkansas	2	1	0
Colorado	1	1	0
Montana	2	1	0
Oklahoma	2	1	0
Nevada	0	2	0
Texas	2	1	0
Utah	2	1	0
Total	12	9	0

Exhibit A lists all the names of the current franchisees and the addresses and telephone numbers of their outlets as of December 31, 2023.

Exhibit B lists the name, city and state, and the current business telephone number (or, if unknown, the last known home telephone number) of every franchisee who had an outlet terminated, canceled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under the franchise agreement during our most recently completed fiscal year or who has not communicated with us within 10 weeks of the issuance date of this disclosure document. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

During the last three fiscal years, we have not signed any confidentiality clauses with a current or former franchisee in a franchise agreement, settlement agreement or any other contract restricting their ability to speak to you openly about their experience with us. There are no trademark-specific franchisee organizations associated with the franchise system which are incorporated or otherwise organized under state law and have asked us to be included in our disclosure document during the next fiscal year.

ITEM 21
FINANCIAL STATEMENTS

Attached in Exhibit J are our audited financial statements as of December 31, 2023, 2022, and 2021 and for the years then ended.

ITEM 22 CONTRACTS

The following agreements and other required exhibits are attached to this Franchise Disclosure Document in the following order:

- Exhibit A – List of Franchisees
- Exhibit B – List of Terminated Franchisees
- Exhibit C – Franchise Agreement with Exhibits
- Exhibit D – Personal Guaranty
- Exhibit E – List of State Franchise Administrators
- Exhibit F – State Disclosures and Riders
- Exhibit G – Agents for Service of Process
- Exhibit H – Standards Manual Table of Contents
- Exhibit I – Termination Agreement
- Exhibit J - Financial Statements
- Exhibit K – Receipts

**ITEM 23
RECEIPTS**

Exhibit K contains two copies of a detachable receipt.

EXHIBIT A
LIST OF FRANCHISEES
As of December 31, 2023

Owner Name	Location Name	Address	City	State	Zip Code	Store Phone
Ryan Hales	5th Ave.	320 West 5th Avenue	Anchorage	AK	99501	907-242-2337
Ryan Hales	Dimond	800 E. Dimond Blvd., #3-500	Anchorage	AK	99515	907-242-2337
Ryan Hales	Wasilla	2101 E Sun Mountain Ave Suite 102	Wasilla	AK	99654	
Dennis Ferguson & Jordan Lower	Chandler (Chandler Fashion Center)	3111 W Chandler Blvd.	Chandler	AZ	85226	
Dennis Ferguson & Jordan Lower	Glendale (Arrowhead Towne Center)	7700 W Arrowhead Towne Center	Glendale	AZ	85308	
Rachel Nichols	Tucson	4500 N. Oracle Road	Tucson	AZ	85705	520-404-0757
Rachel Nichols	Park Place	5870 East Broadway Blvd.	Tucson	AZ	85711	520-404-0757
Sahin Kadizade	Brea	1065 Brea Mall	Brea	CA	92821	323-304-6673
Dennis Ferguson & Jordan Lower	Topanga	6600 Topanga Canyon Blvd	Canoga Park	CA	91303	801-888-1748
Sahin Kadizade	Los Cerritos	252 Los Cerritos Center	Cerritos	CA	90703	323-788-5957
Paul Molina	Victoria Gardens	12505 S Mainstreet	Etiwanda	CA	91739	
Sang Lien	Glendale Galleria	100 W Broadway	Glendale	CA	91210	818-983-5767
Sang Lien	Fashion Square (Sherman Oaks)	14006 Riverside Dr, Suite 17	Los Angeles	CA	91423	
Sang Lien	Northridge	9301 Tampa Ave	Northridge	CA	91324	818-983-5767
Sahin Kadizade	Ontario mills	1 Mills Circle	Ontario	CA	91764	323-304-6674
Sang Lien	Antelope Valley	1233 Rancho Vista Blvd	Palmdale	CA	93551	818-983-5767
Sahin Kadizade	Tyler Galleria	1299 Galleria at Tyler	Riverside	CA	92503	323-304-6676
Sahin Kadizade	Temecula	40820 Winchester Rd	Temecula	CA	92591	323-304-6675
Sang Lien	Valencia	24201 West Valencia Blvd	Valencia	CA	91355	818-983-5767
Paul Molina	Victorville	12209 Hesperia Rd, Suite B	Victorville	CA	92395	
Tom Mohammed	West Covina	112 Plaza Drive,	West Covina	CA	91790	626-419-0738
Dennis Ferguson & Jordan Lower	FlatIron Crossing	1 W. Flatiron Crossing Dr.	Broomfield	CO	80021	801-414-1791
Jessica Freck	Littleton (Aspen Grove)	7801 S. Santa Fe Drive	Littleton	CO	80120	
Dennis Ferguson & Jordan Lower	Park Meadows	8401 Park Meadows Center Dr.	Lone Tree	CO	80124	801-584-9403
Daniel Borges	Danbury Fair	7 Backus Avenue	Danbury	CT	6811	203-948-7428
Daniel Borges	Westfarms	500 West Farms Mall	Farmington	CT	6032	203-948-7428
Ralph Caparotti & Troy Parcelles	G Street	1204 G Street NW	Washington	DC	20005	301-467-0202
Omer Scaracoglu	University Town Center	140 University Town Center Dr.	Sarasota	FL	34243	301-467-0205
Shaun Steel	Ammon (Idaho Falls)	2658 East Sunnyside Rd	Ammon	ID	83400	
Merrill Walker	Boise Towne Square	350 N. Milwaukee St.	Boise	ID	83704	801-231-1890
Shaun Steel	Rexburg	510 North 2nd E	Rexburg	ID	83440	
Shaun Steel	Twin Falls	213 Cheney Dr W #101	Twin Falls	ID	83301	
Eden Morrison	Wichita	2616 N Maize Rd, Suite 104	Wichita	KS	67205	
Fahd Issa	Burlington	75 Middlesex Turnpike	Burlington	MA	1803	857-222-6953
Fahd Issa	CambridgeSide Galleria	100 CambridgeSide Place	Cambridge	MA	2141	857-222-6953
Fahd Issa	Natick	1245 Worchester St.	Natick	MA	1760	857-222-6953
Ralph Caparotti & Troy Parcelles	Annapolis	2002 Annapolis Mall	Annapolis	MD	21401	301-467-0202

Ralph Caparotti & Troy Parcelles	Montgomery	7101 Democracy Boulevard	Bethesda	MD	20817	301-467-0202
Ralph Caparotti & Troy Parcelles	Downtown Crown	126 Crown Park Ave	Gaithersburg	MD	20878	301-467-0202
Nadaa F Issa	Maine	364 Maine Mall Road	South Portland	ME	4106	857-222-6953
Fahd Issa	New Hampshire	1500 South Willow Street	Manchester	NH	3103	857-222-6953
Fahd Issa	Pheasant Lane	310 Daniel Webster Hwy Ste 280	Nashua	NH	3060	857-222-6953
Fahd Issa	Rockingham Park	99 Rockingham Park Blvd	Salem	NH	3079	857-222-6953
Omer Saracoglu	Bridgewater	400 Commons Way	Bridgewater	NJ	8807	
Omer Saracoglu	American Dream Mall	1 American Dream Wy, KC230	East Rutherford	NJ	7073	
Omer Saracoglu	Menlo Park	55 Parsonage Rd.	Edison	NJ	8837	201-230-4051
Nadaa F Issa	Freehold	3710 Route 9	Freehold	NJ	7728	857-222-6952
Fahd Issa	Quaker Bridge Mall (Lawrenceville)	3320 US-1	Lawrenceville	NJ	8648	
Nadaa F Issa	Garden State Plaza #1	1 Garden State Plaza	Paramus	NJ	7652	857-222-6950
Nadaa F Issa	Garden State Plaza #2	1 Garden State Plaza	Paramus	NJ	7652	857-222-6950
Nadaa F Issa	Rockaway Townsquare	301 Mount Hope Ave	Rockaway	NJ	7866	857-222-6951
Omer Saracoglu/Fuat Kocanli	Springfield	100 US-22	Springfield	NJ	7081	
Omer Saracoglu/Fuat Kocanli	Willowbrook (NJ)	1400 Willowbrook Mall	Wayne	NJ	7470	201-230-4052
Nadaa F Issa	Roosevelt Field	630 Old Country Rd.	Garden City	NY	11530	
Nadaa F Issa	Walt Whitman	160 Walt Whitman Rd	Huntington Station	NY	11746	857-222-6948
Nadaa F Issa	Smith Haven Mall	313 Smith Haven Mall	Lake Grove	NY	11755	
Nadaa F Issa	Staten Island	2655 Richmond Ave	Staten Island	NY	10314	857-222-6949
Afzal KHAMIDKHONOV	Destiny USA	9090 Destiny USA Mall	Syracuse	NY	13290	845-608-7561
Nelson & Daniel Borges	White Plains	125 Westchester Ave	White Plains	NY	10601	
Bob Doran & Thomas Van Winkle	Kenwood Towne Centre	7875 Montgomery Rd.	Cincinnati	OH	45236	
Bob Doran	Polaris Fashion Place	1500 Polaris Parkway	Columbus	OH	43240	740-975-3511
Thomas Van Winkle	Columbus (Easton Mall)	4036 Morse Crossing W-110	Columbus	OH	43319	
David & Nathan Whitlock	Penn Square Mall (Oklahoma City)	1901 Northwest Expy - Penn Square Mall 2007D	Oklahoma City	OK	73118	
Dennis Ferguson & Jordan Lower	Clackamas Town Center Mall (Portland)	12000 SE 82nd Ave.	Portland	OR	97086	801-584-9403
Dennis Ferguson & Jordan Lower	Washington Square Mall (Tigard)	9885 SW Washington Square Rd.	Tigard	OR	97223	801-584-9403
Alex Aristy	Plaza Del Sol	2205 Veterans Blvd.	Bayamon	PR	961	787-433-6034
Alex Aristy	San Juan	1027 Roosevelt Ave	San Juan	PR	919	
Shawna Manning	Providence Place	179 Providence Place	Providence	RI	2903	801-599-6663
Shaun Steel	Spartanburg	108C Franklin Ave	Spartanburg	SC	29301	
Dennis Ferguson & Jordan Lower	Allen	190 Stacy Rd Suite 1718	Allen	TX	75069	
Nadaa F Issa	Barton Creek Mall	2901 S Capital of Texas Hwy	Austin	TX	78746	
Dennis Ferguson & Jordan Lower	Dallas Galleria	13350 Dallas Pkwy	Dallas	TX	75240	
Nuruddin Akbarali	Baybrook	500 Baybrook Mall	Friendswood	TX	77546	832-798-4143
Dennis Ferguson & Jordan Lower	Stonebriar	2601 Preston Road	Frisco	TX	75034	801-888-1742
MMI-JS, LLC (Corporate)	Willowbrook	2000 Willowbrook Mall	Houston	TX	77070	281-203-9650

Nuruddin Akbarali	Memorial City	303 Memorial City	Houston	TX	77024	832-798-4143
Dennis Ferguson & Jordan Lower	Southlake	1251 Main ST	Southlake	TX	76092	
Tao Wu	First Colony	16535 Southwest Freeway	Sugarland	TX	77479	903-312-6517
Nuruddin Akbarali	The Woodlands	1201 Lake Woodlands Dr	The Woodlands	TX	77380	832-798-4143
Shaun Steel	Cedar City	1420 Providence Center Dr. #5	Cedar City	UT	84720	435-590-5449
Dennis Ferguson & Jordan Lower	Farmington	1060 Park Ln, #105	Farmington	UT	84025	
Shaun Steel	Layton	1946 Woodland Park Drive	Layton	UT	84041	
Jared Recksiek	Traverse Mountain	1820 W Traverse Parkway Suite G	Lehi	UT	84043	
Ryan Miller	Cache Valley	981 S. Main, Suite 165	Logan	UT	84321	801-673-9672
ZAGG, Inc.	Midvale	7121 S Bingham Junction Blvd, Suite 102	Midvale	UT	84047	801-263-0699
Dennis Ferguson & Jordan Lower	Fashion Place	6191 S. State	Murray	UT	84107	801-888-1741
Shaun Steel	Ogden (Wall Ave)	200 East 12th St	Ogden	UT	84404	
Jared Recksiek	University	575 E. University Parkway	Orem	UT	84097	801-616-2947
Shaun Steel	Roy	5360 S. 1900 W.	Roy	UT	84067	
Dennis Ferguson & Jordan Lower	The District - South Jordan	3761 W. Parkway Plaza Dr.	S. Jordan	UT	84095	801-641-0906
Shaun Steel & Howard Freiss	Salt Lake City (Olympus Hills)	3943 Wasatch Blvd	Salt Lake City	UT	84124	
Shaun Steel & Howard Freiss	Sandy (South Town Center)	10450 S. State St.	Sandy	UT	84070	801-793-7551
Jared Recksiek	Spanish Fork	1274 North Canyon Creek Pkwy	Spanish Fork	UT	84660	
Shaun Steel	St. George East	446 S Mall Drive Ste B9	St. George	UT	84790	
Shaun Steel & Howard Freiss	West Valley City (Valley Fair Mall)	3601 S. 2700 W.	West Valley City	UT	84119	801-597-8533
Shaun Steel	Boulevard Commons	140 N. 400 W.	St. George	UT	84770	435-229-3812
Ralph Caparotti & Troy Parcelles	Tysons Corner	7867 Tysons Corner	McLean	VA	22102	301-467-0202
Jared Recksiek	Kitsap	10315 Silverdale Way NW	Silverdale	WA	98383	435-862-2390
Jared Recksiek	Tacoma	4502 S. Steele St.	Tacoma	WA	98409	801-584-9403

EXHIBIT B
FRANCHISEES THAT LEFT THE SYSTEM LAST YEAR OR WITH WHICH WE HAVE HAD NO CONTACT IN THE PAST 10 WEEKS AS OF DECEMBER 31, 2023.

The name and last known city, state and telephone number of every franchisee who has had an outlet terminated, canceled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under the Franchise Agreement during the most recently completed fiscal year or who has not communicated with us within 10 weeks of our application date are listed on the following pages. Some franchisees listed below owned multiple locations that they either sold or the locations were terminated in conjunction with these individuals leaving Sunbelt’s network.

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

Owner	Advertised Location Name	Address	City	State	Zip	Phone
MMI-CPR Holdings, LLC (Corporate)	Strongsville, OH	17270 Royalton Rd	Strongsville	OH	44136	
Daniel Borges	Queens Center	90-15 Queens Blvd	Queens	NY	11373	203-948-7428
Brian VanDerBosch	Mall of America	60 East Broadway Ste 6137	Bloomington	MN	55425	801-888-1745
Brian VanDerBosch	Ridgedale Center	12401 Wayzata Blvd	Minnetonka	MN	55305	801-888-1746
Saajan Dodwani	Oxmoor	7900 Shelbyville Road	Louisville	KY	40222	
Nadaa F Issa	North Star Mall	7400 San Pedro Ave	San Antonio	TX	78216	
Fahd Issa	Christiana Mall	132 Christiana Mall	Newark	DE	19702	914-450-3636
Fahd Issa	Solomon Pond	601 Donald Lynch Blvd	Marlborough	MA	01752	857-222-6953
Dennis Ferguson & Jordan Lower	City Creek	50 S. Main St.	Salt Lake	UT	84144	801-888-1740

EXHIBIT C
FRANCHISE AGREEMENT

TABLE OF CONTENTS

<u>SECTION</u>	<u>PAGE</u>
1. DEFINITION OF TERMS GENERALLY USED IN THIS AGREEMENT.....	1
2. AWARD OF FRANCHISE; GUARANTIES; TERM.....	3
2.1. Franchise Grant	3
2.2. Term	3
2.3. Training, Supervision, and Assistance	4
2.4. Initial Equipment.....	5
2.5. POS System.....	5
2.6. Discount	5
3. FRANCHISE FEES	5
3.1. Franchise Fee	5
3.2. Initial Inventory.....	6
3.3. Continuing Inventory	6
3.4. Signage.....	6
3.5. Working Capital	6
3.6. No Refunds.....	6
3.7. Royalties.....	6
3.8. National Advertising Fund Fee	6
3.9. Technology Fee	7
4. LEGAL RELATIONSHIPS.....	7
4.1. Independent Entities.....	7
4.2. No Partnership.....	7
4.3. No Authority to Bind.....	7
4.4. No Authority to Hire	7
4.5. Tax Withholding	7
5. TERRITORY AND SCOPE OF OPERATIONS	7
5.1. Exclusivity of Franchise.....	7
5.2. Limitation on Franchise	7
5.3. Restrictions.....	8
5.4. Changes in Franchise Premises	8
6. USE OF THE MARKS	8
6.1. Grant of Use	8
6.2. Fictitious Name	8
6.3. Sole Property of Franchisor.....	8
6.4. Marketing Activities.....	9
6.5. Termination.....	9
6.6. Claims Against the Proprietary Property.....	9
6.7. Franchisor’s Right to Modify	9
6.8. Internet Prohibition	9
6.9. Additional Intellectual Property	9
7. OPERATION OF RETAIL OUTLET	10
7.1. Ownership and Management.....	10

7.2. Lease Approval; Right to Occupancy	10
7.3. Employees and Contractors.....	10
7.4. Uniformity of Operation.....	10
7.5. Maintenance and Repairs	10
7.6. Signs.....	10
7.7. Equipment	11
7.8. Franchisee’s Stationary and Business Cards.....	11
7.9. Marketing.....	11
7.10. Hours of Operation.....	12
7.11. Inventory Ordering and Payment.....	12
7.12. Required Inventory Levels.....	12
7.13. Return Policy.....	12
7.14. Customer Service	12
7.15. Right of Entry and Inspection; Access to Information; Annual Review.....	12
7.16. Operational Requirements.....	13
7.17. Credit Cards and Method of Payment.....	13
7.18. Sales Information	14
7.19. Customer Surveys; Customer Information.....	14
7.20. Pricing	14
7.21. Commencement of Operations.....	14
8. CONFIDENTIAL INFORMATION AND COVENANTS TO NOT COMPETE.....	14
8.1. Confidential Information.....	14
8.2. Prior Information.....	14
8.3. Periodic Revisions.....	14
8.4. Non-Compete	15
9. LICENSES.....	16
9.1. Licenses and Permits.....	16
9.2. Assistance from Franchisor.....	16
10. ASSIGNMENT.....	16
10.1. Franchisor’s Consent Required	16
10.2. Death or Incapacity	18
10.3. Assignment by Franchisor.....	18
10.4. Franchisor’s Right of First Refusal	18
11. LIABILITY AND INSURANCE	20
11.1. Liability	20
11.2. Insurance	20
11.3. Minimum or Additional Coverage	20
11.4. Insurance Certificates.....	20
11.5. Notice of Claims.....	21
11.6. Indemnification of Franchisee.....	21
11.7. Notices to Franchisor	21
12. LEGAL REMEDIES, DEFAULT, AND DISPUTE RESOLUTION.....	21
12.1. Choice of Forum.....	21
12.2. Governing Law.....	22

12.3. Costs and Fees	22
12.4. Default.....	22
12.5. Effect of Termination	24
12.6. Injunctive Relief/Specific Performance	24
12.7. Liquidated Damages and Premature Termination.....	24
12.8. Cross-Termination.....	25
12.9. Payment of Fines; Interest.....	25
13. ARBITRATION	25
13.1. Binding Arbitration	25
13.2. Exceptions or Arbitration; Equitable Relief.....	26
14. MISCELLANEOUS PROVISIONS.....	26
14.1. Time of the Essence	26
14.2. No Oral Modification	26
14.3. Binding Effect	26
14.4. Survival	26
14.5. Entire Agreement	26
14.6. Waiver	26
14.7. Notices.....	27
14.8. Change of Address Notice.....	27
14.9. Business Entity Franchisee.....	27
14.10. Miscellaneous	27
14.11. Headings	27
14.12. Force Majeure	27
14.13. Severability	28
14.14. No Right to Withhold Payments	28
14.15. Right to Sign this Agreement on Different Terms.....	28
14.16. Third Parties.....	28
14.17. Security Interest	28
14.18. No Reliance.....	28
14.19. Acknowledgement of Risk.....	29
14.20. Release of Prior Claims.....	29
14.21. Modification of the System.....	29
14.22. Remedies Cumulative	30
14.23. Interpretation.....	30
14.24. Counterparts.....	30
14.25. Waiver of Punitive Damages Claims	30
14.26. Waiver of Jury Trial.....	30
 <u>EXHIBITS</u>	
EXHIBIT A: “Franchise Premises”.....	32
EXHIBIT B: "Trade Name and Marks"	33
EXHIBIT C: “Franchise Fee Detail and Commencement of Operations”	34
EXHIBIT D: “Personal Guaranty”	35

FRANCHISE AGREEMENT

THIS FRANCHISE AGREEMENT (this "Agreement") is entered into this ___ day of _____, 20___, by and among MMI-JS, LLC dba Retail Channel Partners a Delaware limited liability company ("Franchisor"), _____ ("Franchisee"), and the beneficial holders of ownership interests in Franchisee set forth on the signature page hereto ("Owners").

RECITALS

A. Franchisor distributes protective glass, films and covers, audio products and accessories, battery cases, wireless charging and power solutions pursuant to a Sales and Account Management Agreement with ZAGG, INC. ("ZAGG");

B. ZAGG has established a high reputation with the public as to the quality of products and services available through its various distribution channels, which high reputation and goodwill have been and continue to be a unique benefit to Franchisor and its affiliates;

C. Franchisor markets, sells, and administers franchises, which provide franchisees the opportunity to realize the benefits to be derived from being identified with ZAGG, utilizing the Marks and the Trade Name (as defined in Sections 1.10 and 1.16, respectively) and being able to utilize the business methods and business knowledge which Franchisor makes available to franchisees;

D. Recognizing the value of such benefits, Franchisee desires to operate a Franchised Business (as defined in Section 1.6) pursuant to the provisions hereof and at the location specified herein; and

E. Franchisee acknowledges that Franchisee has had a full and adequate opportunity to be fully advised of the terms and conditions of this Agreement, and has consulted advisors and legal counsel of Franchisee's own choosing prior to its execution, and is entering into this Agreement having made an independent investigation of Franchisor's operations.

AGREEMENT

NOW THEREFORE, in consideration of the mutual promises contained herein, and intending to be legally bound hereby, Franchisor and Franchisee mutually agree and covenant as follows:

I. DEFINITION OF TERMS GENERALLY USED IN THIS AGREEMENT

1.1. "Additional Products" shall mean Products designed, manufactured and/or distributed by companies other than ZAGG or its affiliates.

1.2. "Confidential Information" shall mean any and all information, knowledge, know-how and technologies which (i) Franchisor designates as confidential, proprietary or a trade secret, (ii) Franchisee knows or should reasonably know to be confidential, proprietary or a trade secret, and (iii) Franchisor declares to Franchisee or which Franchisee learns about Franchisor, its business or its franchise system, which is not readily available to the general public. Confidential Information includes, without limitation, the Standards Manual, all customer lists, customer accounts or relationships, lists or identities of particular suppliers with whom Franchisor has developed working relationships, business methods, procedures, operations data, instruction material, any trade secrets which Franchisor has or may in the future acquire and the terms of this Agreement.

1.3. “Continuing Franchisee” shall mean (i) an existing franchisee of Franchisor who is seeking to continue its existing franchise operation at the same location following the end of the term of such franchisee’s original franchise agreement, or (ii) a successor to an existing franchisee’s rights and obligations under such franchisee’s original franchise agreement approved by Franchisor in accordance with the terms of such original franchise agreement.

1.4. “Franchise Premises” shall mean the mall or retail center in which Franchisee’s Retail Outlet(s) shall be located, as more particularly described in Exhibit A hereto.

1.5. “Franchise System” shall mean the standards, specifications and operating procedures prescribed from time to time by Franchisor for the operation of a Retail Outlet.

1.6. “Franchised Business” shall mean the operation by Franchisee on the Franchise Premises of one or more Retail Outlets under the Trade Name and from which Franchisee will sell the Products.

1.7. “Franchisor Approved Vendor” shall mean manufacturers, distributors and suppliers who demonstrate to Franchisor’s continuing reasonable satisfaction the ability to meet Franchisor’s standards and specifications, who possess adequate quality controls and capacity to supply Franchisee’s needs promptly and reliably, and who have been approved by Franchisor in the Standards Manual or otherwise in writing.

1.8. “Gross Volume” shall mean all receipts from all of Franchisee’s sales by, at or in connection with the Franchised Business, including payments received by credit card, with no deduction for credit card or other charges, but excepting (a) billings which have not been collected, (b) customer refunds, and (c) sales taxes paid to any governmental authority.

1.9. “Lessor” shall mean the owner(s) of the Franchise Premises and shall include such owner(s)’ designated property manager or other authorized agent responsible for administering the lease or rental agreement governing Franchisee’s occupation and use of Retail Outlet(s) within the Franchise Premises.

1.10. “Marks” shall mean the trademarks, service marks, slogans, and logos licensed by Franchisor and imprinted on Exhibit B hereto, and other advertising or other commercial symbols owned or licensed by Franchisor and added by Franchisor to Exhibit B from time to time.

1.11. “Products” shall mean, as of the date hereof, products approved by Franchisor for sale by the Franchised Business, to the extent such products continue to be offered and sold by Franchisor or other Franchisor Approved Vendors.

1.12. “Retail Outlet” shall mean a structure, including an in-line retail space, mall cart or kiosk, operating exclusively under the Trade Name, and whose operation is limited to the occupation of particular premises for walk-up or walk-in retail sales of the Products and Services at a set location and during predetermined business hours.

1.13. “Services” shall mean repair services Franchisor authorizes for smartphones, cell phones and other electronic devices.

1.14. “Standards Manual” shall mean all manuals, documents and instructions produced by, or for the benefit of, Franchisor and loaned or made available to Franchisee, now existing or later produced or revised, prepared for the internal use of the Franchised Business.

1.15. “Term” shall mean the Initial Term together with all applicable Additional Terms.

1.16. “Trade Name” shall mean the trade name set forth on Exhibit B hereto, and refers to the name under which Franchisee will conduct business.

1.17. “ZAGG Products” shall mean Products manufactured under the ZAGG®, InvisibleShield®, iFrogz®, Gear4, BRAVEN and mophie® brands.

II. FRANCHISE GRANT

2.1. Grant of Franchise. Subject to the terms and conditions hereof, Franchisor hereby grants to Franchisee for the Term the exclusive right to operate the Franchised Business, and in consideration of the payments by Franchisee of the franchise fee and other payments hereinafter specified, Franchisor authorizes Franchisee for the Term hereof to use the Trade Name and the Marks in the operation of the Franchised Business. Franchisee’s right to the use of the Trade Name and Marks is specifically limited to the operation of the Franchised Business. The Trade Name and the Marks shall be used only in connection with Products and Services as may be approved or specified in writing by Franchisor from time to time, and only in a manner approved in writing by Franchisor. Franchisee acknowledges that all use of the Trade Name and the Marks and all use of any trademark that is derived from or likely to be confused with the Trade Name or any of the Marks shall inure to the benefit of ZAGG, and all proprietary rights in and to the Trade Name and Marks and any developments as a result thereof belong solely to ZAGG. Franchisor expressly reserves the right to own and operate, and to grant other franchises or similar businesses to other parties at such locations as Franchisor, in its sole discretion, may deem appropriate, except that, so long as this Agreement is in effect, no other franchise for a Retail Outlet shall be operated by Franchisor or another franchisee at the Franchise Premises. Franchisee hereby accepts the franchise and undertakes to use its best efforts to promote the sale of the Products and Services.

2.2. Term. The term of this Agreement shall commence on the date of this Agreement and shall continue for three (3) years (the “Initial Term”), unless sooner terminated in accordance with the terms and conditions of this Agreement.

2.2.1. Except as set forth in Section 2.2.2, unless Franchisee provides Franchisor written notice at least three (3) months prior to the expiration of the Initial Term or any Additional Term (as applicable) of its intent not to renew the Franchise Agreement, Franchisee’s rights granted hereunder shall automatically renew for consecutive periods of three (3) years each (each an “Additional Term”); provided that Franchisor shall be entitled, in its sole and absolute discretion, to require any or all of the following conditions be met prior to such renewal:

(a) Franchisee shall not be in default of this Agreement or any other agreement with the Franchisor or any of its affiliates as at the expiry of the Initial Term or the applicable Additional Term, as the case may be, and shall have substantially complied with all the terms and conditions of such agreements during their respective terms;

(b) Franchisee and the Owners shall have executed prior to expiration of the Initial Term or the applicable Additional Term, as the case may be, Franchisor’s then current form of franchise agreement, the terms of which may differ from the terms of this Agreement and which, when executed, shall supersede in all respects this Agreement and shall execute such other documents and agreements as are then customarily required by Franchisor in the granting of franchises provided, that Franchisee shall not be required to pay to Franchisor any initial franchise or other fee in connection with such renewal;

(c) Franchisee and the Owners shall have executed, at the time of such renewal, a general release of all claims against the Franchisor, its affiliates and their respective officers and directors, in form prescribed by the Franchisor, which release shall exclude therefrom any claims that may be available to the Franchisee pursuant to franchise legislation in the jurisdiction in which the Franchised Business is located;

(d) Franchisee shall have the right to remain in possession of the Retail Outlet (or other premises acceptable to Franchisor) for such Additional Term; and

(e) Franchisee shall have settled all outstanding accounts with Franchisor, its affiliates and all trade creditors of the Franchised Business.

2.2.2. Notwithstanding the provisions of Section 2.2 hereof, Franchisor may refuse to renew the rights granted hereunder for any reason in its sole and absolute discretion. If Franchisor intends to refuse to grant such renewal for any reason other than as a result of Franchisee failing to comply with any of the conditions set out in Section 2.2.1 above (to the extent requested by Franchisor), Franchisor will give written notice to Franchisee not later than three (3) months before the expiration of the Initial Term or the applicable Additional Term, as the case may be.

2.3. Training, Supervision and Assistance.

2.3.1. Franchisee acknowledges and agrees that, except as otherwise set forth in Section 7.2, the location of the Retail Outlet was selected solely by Franchisee, Franchisor was not responsible in any way for selecting or approving the site for the Franchised Business, and Franchisee has made or will make all necessary arrangements with the Lessor for the Retail Outlet at the Franchise Premises. Franchisee is solely responsible for obtaining all permits required for the operation of the Franchised Business and for conforming the Retail Outlet to local by-laws, regulations, policies and building codes. Franchisee acknowledges that any assistance provided by Franchisor or its nominee in relation to the development of the Retail Outlet is only for the purpose of determining compliance with the Franchise System and does not constitute a representation, warranty, or guarantee, express, implied or collateral, regarding the location of the Franchised Business or that the Franchised Business is likely to achieve any level of volume, profit or success.

2.3.2. Prior to opening the Franchised Business, Franchisee and up to one additional individual selected by the Franchisee shall participate in Franchisor's mandatory three (3) day training program conducted in part at Franchisor's corporate offices and in part at the Retail Outlet ("Initial Franchisee Training"). There is no initial training fee. The purpose of the Initial Franchisee Training is to train and familiarize each New Franchisee with Franchisor's current business organization and methods, with an emphasis on installation training, sales training and management training. In addition to the foregoing, Franchisee may, at its option, have additional individuals participate in the Initial Franchisee Training at a cost of \$1,000 per individual, which is payable to Franchisor in advance of participation. Franchisee shall be responsible for all expenses related to such training, including travel, lodging and meal costs.

2.3.3. Franchisor shall also conduct an on-site inspection of the Franchised Business as soon as reasonably practicable after its opening for the purpose of observing the operation of the Franchised Business and providing feedback to Franchisee.

2.3.4. Franchisor shall also give Franchisee the benefit of Franchisor's advice and counsel in establishing the Franchised Business to be conducted at the Franchise Premises. For this purpose, Franchisor shall make available to Franchisee:

- (a) The Standards Manual;
- (b) Such merchandising, marketing and advertising research data and advice as may be developed from time to time by Franchisor and deemed by it to be helpful in the operation of the Franchised Business;
- (c) Guidelines for the use of social media; and
- (d) Consultation with and advice from Franchisor's staff regarding routine operating matters, either by personal visit, telephone, email or mail as may from time to time be reasonably requested by Franchisee.

2.3.5. Franchisor may, from time to time, furnish assistance to aid with specific problems encountered by Franchisee which are beyond the scope of Franchisor's obligations in Section 2.3.4 hereof. Franchisee agrees to reimburse Franchisor promptly for the actual time expended and actual expenses incurred by Franchisor in providing such assistance.

2.3.6. Franchisee shall participate in at least one (1) monthly phone conference which Franchisor holds for all Franchisees. Franchisor may assess against Franchisee a fine of up to \$500 for each month that Franchisee violates this Section 0

2.4. Initial Equipment. Except as otherwise set forth herein, upon the payment by Franchisee of the initial equipment fee described in Section 3.1.1 or 3.1.2 (as applicable), Franchisor shall provide Franchisee with the Initial Equipment. The Initial Equipment currently includes merchandising displays, marketing materials and an ISOD machine. The Initial Equipment provided is subject to change in the Franchisor's reasonable discretion.

2.5. POS System. The Initial Equipment Fee does not include a point-of-sale system from a Franchisor Approved Vendor (the "POS System"), which is designed to track inventory, sales and customers, and process credit cards. The initial cost for the standard POS System is approximately \$2,000. Franchisee shall be solely responsible for purchasing a POS System from a Franchisor Approved Vendor. Franchisee shall be responsible for all ongoing costs related to the operation of the POS System, including mandatory and ongoing maintenance, repairs, upgrades and updates. Franchisor may assess against Franchisee a fine of up to \$100 for each day Franchisee uses a POS System from a vendor that is not a Franchisor Approved Vendor.

2.6. Discount. During the Term of this Agreement, Franchisee shall be allowed to purchase certain ZAGG Products from ZAGG at discounted prices from the manufacturer's suggested retail price as communicated to Franchisee by ZAGG or Franchisor. Such discounted pricing is subject to change.

III. FRANCHISE FEES, ROYALTIES, NATIONAL ADVERTISING FUND FEE, TECHNOLOGY FEE AND EXPENSES

3.1. Franchise Fee. Upon execution of this Agreement, Franchisee will pay an initial franchise fee to Franchisor in accordance with the following (and as detailed in Exhibit C hereto):

3.1.1. The non-refundable initial fee payable to Franchisor shall be the amount set forth in Exhibit C hereto, which initial fee shall not exceed Fifteen Thousand Dollars (\$15,000) for the first Franchised Business. For the second Franchised Business, the initial fee shall not exceed Ten Thousand Dollars (\$10,000) and for the third Franchised Business, the initial fee shall not exceed Five Thousand Dollars (\$5,000). The initial fee is comprised of the initial franchise fee and the initial equipment fee.

3.1.2. If Franchisee is a Continuing Franchisee, the franchise fee payable to Franchisor shall be the amount set forth in Exhibit C hereto, which franchise fee shall not exceed Five Thousand Dollars (\$5,000).

3.1.3. Subject to the limitations described in Sections 3.1.1-3.1.3 above, the actual franchise fee to be paid by Franchisee as set forth in Exhibit C shall be determined by Franchisor in its sole and absolute discretion based upon Franchisor's consideration of various factors related to the Franchised Business, including without limitation, the location of the Franchised Business, anticipated sales per square foot and customer traffic in the Franchise Premises, credit worthiness, market availability, feasibility and other factors Franchisor deems appropriate.

3.2. Initial Inventory. Except as otherwise agreed in writing by Franchisor, unless Franchisee is a Continuing Franchisee, Franchisee shall make an advance payment for the purchase of Products from ZAGG in the minimum amount of Ten Thousand Dollars (\$10,000) for the initial inventory for the Franchised Business. The initial inventory for the Franchised Business shall be selected by Franchisee, with recommendations provided by Franchisor.

3.3. Continuing Inventory. Franchisee shall purchase Products for the Franchised Business from ZAGG at the prices listed in the then current price list provided to Franchisee by ZAGG or Franchisor and from Franchisor Approved Vendors. Except as otherwise agreed in writing by Franchisor, all purchases of Products shall be paid in advance.

3.4. Signage. Except with the written consent otherwise of Franchisor, Franchisee shall purchase from Franchisor all signage for the Franchised Business. Franchisor may assess against Franchisee a fine of up to \$100 for each violation of this Section 3.4.

3.5. Working Capital. Except as otherwise agreed to in writing by Franchisor, prior to opening the Franchised Business, Franchisee shall provide to Franchisor reasonable evidence of working capital, through financial statements or other evidence approved by Franchisor, in the amount of at least Ten Thousand Dollars (\$10,000) to enable Franchisee to support the initial operations of such Franchised Business. Thereafter, Franchisee agrees to at all times maintain sufficient working capital for the Franchised Business to enable Franchisee to properly and fully carry out and perform all of its duties, obligations and responsibilities hereunder and to operate the Franchised Business in a proper, efficient and effective manner.

3.6. No Refunds. All of the fees and other amounts payable to Franchisor hereunder are non-refundable.

3.7. Royalties. Franchisee shall pay to Franchisor a royalty equal to five percent (5%) of the Franchisee's Gross Volume with a monthly minimum royalty of: (a) \$400 if the population of the market the Franchised Business is located in is less than 250,000; (b) \$600 if the population of the market the Franchised Business is located in is equal to or greater than 250,000 and less than 500,000; or (c) \$800 if the population of the market the Franchised Business is located in is equal to or greater than 500,000. The royalty is payable by electronic fund transfer on the second (2nd) business day of each month for the preceding calendar month. Franchisor may require separate Gross Volume tracking and reporting at its sole discretion. Franchisor may assess against Franchisee a fine of up to \$25 for each day Franchisee is delinquent in paying any royalties due under this Agreement.

3.8. National Advertising Fund Fee. Franchisor reserves the right to implement a national advertising fund fee of up to 1% of Franchisee's Gross Volume. The current advertising fund fee is .5% of Franchisee's Gross Volume. Franchisor has sole and absolute discretion over all matters relating to the

National Advertising Fund and it may be used for (among other things) creation, production and distribution of marketing, advertising, public relations and other materials in any medium. Franchisor and its affiliates can provide goods, services, materials, etc. and be compensated and/or reimbursed for such services by the National Advertising Fund. The National Advertising Fund will be accounted for separately and may be used to pay all administrative and other costs related to its activities and purposes and/or authorized by the relevant franchise agreements and the Franchisor shall be responsible for financial management of the National Advertising Fund.

3.9. Technology Fee. Franchisor reserves the right to implement a technology fee of up to 1% of Franchisee's Gross Volume. Such fee would be used for updates to the POS System, websites, and other technology services provided by Franchisor or outsourced to a third party on your behalf as determined in Franchisor's discretion.

IV. LEGAL RELATIONSHIP OF THE PARTIES

4.1. Independent Entities. Franchisor and Franchisee are each distinct businesses and independent persons or entities, and nothing in this Agreement is intended to imply any master/servant, principal/agent or employer/employee relationship.

4.2. No Partnership. Both parties hereto shall refrain from making any representation or creating any impression upon any third party or the public that they are partners, joint venturers, subsidiaries, principal and agent, or are in any way the agents, fiduciaries or instrumentalities of each other in any sense. Neither party shall represent itself as the other party.

4.3. No Authority to Bind. Neither Franchisor nor Franchisee has the authority to bind or obligate the other, or any of their affiliates, officers, directors, employees or other personnel with respect to any third party, except as expressly set forth herein.

4.4. No Authority to Hire. Neither Franchisor nor Franchisee has the authority to hire, fire or direct the conduct of any employee or agent of the other.

4.5. Tax Withholding. Neither Franchisor nor Franchisee hereto has any authority or responsibility to collect or withhold any federal, state or local tax imposed upon the other or which becomes due or assessable as a result of the business operations of the other.

V. TERRITORY AND SCOPE OF OPERATIONS

5.1. Exclusivity of Franchise. Franchisor covenants and agrees that it will not establish or operate another Retail Outlet, through franchise or otherwise, within the Franchise Premises without the prior written consent of Franchisee. Franchisee acknowledges that the license of the Trade Name and the Marks granted to Franchisee has limited exclusivity, and that, in addition to Franchisor's right to use and grant others the right to use the Trade Name and the Marks, and to offer and distribute the Products and Services by means other than a Retail Outlet within the Franchise Premises, all rights not expressly granted in this Agreement to Franchisee concerning the Trade Name and Marks or other matters are reserved for Franchisor or its designee as the case may be, including the right to establish, develop, and license or franchise other product and service distribution systems and arrangements, different from the Franchise System, whether at or outside the Franchise Premises, without offering or providing Franchisee any rights in, to, or under such other systems or arrangements.

5.2. Limitation on Franchise. The Franchised Business may only be operated at the Franchise Premises. If Franchisee is permitted to advertise, such advertising may reach outside of the Franchise

Premises only to the extent such advertising is conducted in accordance with standards of Franchisor pursuant to Sections 7.9 and 7.16.2. Franchisor may assess against Franchisee a fine of up to \$10,000 for each violation of this Section 5.2.

5.3. Restrictions. Franchisee shall sell only authorized Products and Services in connection with the Franchised Business. Franchisee shall not sell Products or Services other than in the Franchised Business without the prior written consent of Franchisor, which consent may be withheld for any reason. In addition, Franchisee may not be engaged in any other business whatsoever within the Franchise Premises without the prior written consent of Franchisor, which consent may be withheld for any reason. Franchisee shall not market or sell Products or Services through the Internet, through mail orders, by telephone, or any other means that could extend Franchisee's sales and marketing efforts beyond the Franchise Premises. Franchisee understands that these restrictions are imposed to protect the integrity of and the goodwill attached to the Trade Name, the Marks and Franchisor's operations, to associate Franchisee closely with Franchisor, to avoid possible conflicts of interest, and to prevent the dilution or diminution of Franchisee's operation which would result if Franchisee's efforts were to be divided between advancing the interest of the Franchised Business and of any other franchise or of any products or other services, and which would also tend to reduce the sale of Products and Services by Franchisee. Franchisor may assess against Franchisee a fine of up to \$2,500 for each violation of this Section 5.3.

5.4. Changes in Franchise Premises. Franchisee shall not change or transfer the location of the Franchise Premises without (i) obtaining the express written consent of Franchisor, which consent may be withheld for any or no reason, and (ii) the payment by Franchisee of a change fee in the amount of between One Thousand Dollars (\$1,000) and Five Thousand Dollars (\$5,000), as determined in the sole discretion of Franchisor.

VI. USE OF THE MARKS

6.1. Grant of Use. Franchisee may use the Trade Name and the Marks, including such logos, slogans or other trademarks as Franchisor designates in writing from time to time, only in the conduct of the Franchised Business, and for no other purpose. Nothing in this Agreement shall be construed as an assignment or grant to Franchisee of any ownership interest in the Marks. Except for the grant of use specified herein, ZAGG retains all rights, title and interest in and to the Trade Name and the Marks. Franchisee acknowledges that the Trade Name, the Marks and the goodwill associated with them are and shall remain the sole and exclusive property of ZAGG.

6.2. Fictitious Name. The Trade Name may be used by Franchisee only as an assumed or fictitious business name, duly registered or recorded in accordance with the laws applicable to the Franchise Premises and, where required by applicable law, Franchisee shall register itself as carrying on business under the Trade Name, provided approval is first obtained from Franchisor. No part of the Trade name or Marks nor any words similar thereto shall, without the prior written consent of Franchisor, be included in any domain name or in any corporate name used by Franchisee or by any person which has a direct or indirect interest in Franchisee or in which Franchisee may, at any time, have a direct or indirect interest.

6.3. Sole Property of Franchisor. Franchisee acknowledges and accepts that the authorization to use the Trade Name and the Marks is limited and temporary. At no time shall Franchisee acquire any legal right or title to the Trade Name or any of the Marks, whether by implied consent, prescriptive right or any other legal or equitable theory or principle of law, nor shall Franchisee represent at any time that it has the right to use the Trade Name or any of the Marks outside of lawful operation of the Franchised Business within the Franchise Premises. Franchisee shall not attempt to acquire or establish any right or interest in the Trade Name or in any of the Marks by virtue of any "consent to use" registration or

otherwise, and understands and agrees that any and all goodwill, recognition and/or reputation generated in connection with the Trade Name or any of the Marks by Franchisee and all other franchisees of Franchisor in the conduct of their respective franchises shall inure to the benefit of Franchisor or its licensor, as the case may be, and shall remain the sole property of Franchisor or its licensor, as the case may be.

6.4. Marketing Activities. Franchisee shall not use the Trade Name or any of the Marks in connection with any marketing activities without the prior written consent of Franchisor, which consent shall not be unreasonably withheld. In the event that Franchisor approves marketing activity by Franchisee, Franchisee's use of the Trade Name and/or any of the Marks shall be limited to the scope authorized. All marketing materials shall be obtained from Franchisor or a Franchisor Approved Vendor, unless otherwise authorized in writing by Franchisor. If specific authorization is received, any artwork and materials used in connection with the Trade Name or any of the Marks must also be approved by Franchisor prior to its use by Franchisee; however, notwithstanding such approval, Franchisees accept full legal responsibility for its own materials, and Franchisor and its licensors, as applicable, bear no legal responsibility for the materials of Franchisee.

6.5. Termination. Immediately upon the termination or expiration of this Agreement, Franchisee shall cease to have any authorization to use the Trade Name and all of the Marks in any manner whatsoever, and shall forthwith cease and thereafter refrain forever from using the Trade Name, the Marks and any phonetically or confusingly similar words. Upon termination, Franchisee shall destroy or return to Franchisor all labels, containers, packaging, tags, advertising, promotional and/or display materials that include the Trade Name or any of the Marks.

6.6. Claims Against the Proprietary Property. In the event of any claim of infringement, unfair competition or other challenge to Franchisee's right to use the Trade Name or any of the Marks, or in the event Franchisee becomes aware of any use of or claims to, the Trade Name or any of the Marks by persons other than Franchisor or its affiliates or franchisees, Franchisee shall promptly notify Franchisor of the same in writing. Franchisee shall not communicate with anyone except Franchisor and its counsel in connection with any such infringement, challenge or claim except pursuant to judicial process. Franchisor or its licensor, as the case may be, shall have sole discretion as to whether to take any action in connection with any such infringement, challenge or claim, and the sole right to control exclusively any litigation or other proceeding arising out of any infringement, challenge or claim relating to the Trade Name or any of the Marks. Franchisee shall sign all instruments and documents, render any assistance, and do any acts that Franchisor's counsel deem necessary or advisable in order to protect and maintain the interest of Franchisor or its licensor, as the case may be, in any litigation or proceeding related to the Trade Name, any of the Marks or otherwise to protect and maintain the interest of Franchisor or its licensor, as the case may be, in the Trade Name and any of the Marks.

6.7. Franchisor's Right to Modify the Trade Name and Marks. If it becomes advisable at any time in the sole and absolute discretion of ZAGG or Franchisor, as the case may be, for Franchisee to modify or discontinue the use of the Trade Name, any Mark and/or use one or more additional or substitute names or marks for any reason, Franchisee agrees to do so within thirty (30) days of notice thereof from Franchisor at its sole cost and expense except that Franchisor will be responsible for reasonable signage expenses in modifying or discontinuing the use of any Trade Name or Mark.

6.8. Internet Prohibition. Without the prior written consent of Franchisor, Franchisee shall not use the Trade Name or any of the Marks on the Internet or any web site owned or controlled by Franchisee, including by means of any tags or key words on any web page.

6.9. Additional Intellectual Property. All ideas, concepts, techniques or materials concerning the Franchised Business, whether or not protectable intellectual property and whether created by Franchisee or for Franchisee by Franchisee's owners or employees, must promptly be disclosed to Franchisor or its designee, as the case may be, and will be deemed to be the sole and exclusive property of Franchisee or its designee, part of Franchisor's Franchise System, and works made for hire for Franchisor. To the extent any item does not qualify as a "work made-for-hire" for Franchisor, Franchisee assigns and agrees to assign ownership of and all related rights to that item to Franchisor and shall sign whatever assignment or other documents Franchisor requests as further evidence of Franchisor's ownership, or the ownership of a designee of Franchisor, and shall otherwise help Franchisor or its designee secure intellectual property or other rights in the item.

VII. OPERATION OF RETAIL OUTLET

7.1. Ownership and Management of Retail Outlet. Franchisee agrees that it will be the exclusive owner and manager of the Franchised Business. As such, it will retain all title, right, interest, ownership, and control over the Franchised Business. Franchisee will be solely responsible for all obligations associated with the management and ownership of the Franchised Business, including, but not limited to, employees, leases, rental agreements, utilities, telephone service, taxes, local licensing fees, insurance, equipment purchases, signage, advertising, printing, supplies, inventory acquisition, cleaning, maintenance, and repairs.

7.2. Lease Approval; Right to Occupancy. Franchisee shall not enter into any lease for the Retail Outlet without the prior written approval of Franchisor, which approval will not be unreasonably withheld. Franchisor may, in its sole and absolute discretion, require that the lease contain certain lease terms and conditions which Franchisor deems appropriate to protect and preserve the integrity of the Franchise System and the rights of Franchisor under this Agreement. In any event, Franchisee shall provide Franchisor with a copy of the fully executed lease within five (5) business days of the execution date. Franchisor may assess against Franchisee a fine of up to \$50 for each day Franchisee is late in providing such lease to Franchisor. Franchisee shall defend, indemnify and hold Franchisor harmless from any claims, loss or damages resulting from Franchisee's failure to comply with this Section 7.2.

7.3. Employees and Contractors. Franchisee agrees to be solely responsible for all employees and contractor personnel employed by Franchisee, including without limitation (i) payment of payroll taxes, benefits, employment insurance, and workers compensation insurance, and (ii) decisions related to hiring, disciplining, supervising, promoting and firing of its employees and the establishment of their wages.

7.4. Uniformity of Operations. To preserve and protect the image and reputation of Franchisor, Franchisee agrees that any Retail Outlet governed by this Agreement shall strictly comply with the Standards Manual. Franchisee understands that the standards and procedures outlined in the Standards Manual are intended to create a uniform look and feel for all outlets similar to the Franchised Business, regardless of location, where the Products and Services are sold. Franchisor and Franchisee acknowledge that a uniform appearance and operation are mutually beneficial. Franchisor may assess against Franchisee a fine of up to \$100 for each violation of this Section 7.4.

7.5. Maintenance and Repairs. Franchisee will maintain, renovate, remodel or replace its Retail Outlet when Franchisor or Lessor reasonably requires, and materials and colors will be in accordance with specifications of Franchisor, subject to any necessary approval by Lessor. Franchisee shall be solely responsible for the total current and actual costs incurred for maintenance, repairs, alterations, renovations, remodeling or replacements. Franchisor may assess against Franchisee a fine of up to \$5,000 for each violation of this Section 7.5.

7.6. Signs. Franchisee shall display the Trade Name and any designated Marks at the Franchised Business, solely in the manner designated and authorized by Franchisor. Franchisee agrees to maintain and display signs reflecting the current image of Franchisor. The color, size, design and location of said signs shall be (subject to any required approval by Lessor) as specified by Franchisor. Franchisee shall not place additional signs or posters on the Franchised Business or the Franchise Premises without the prior written consent of Franchisor, which consent may be refused for any reason. Franchisor may assess against Franchisee a fine of up to \$100 for each violation of this Section 7.6.

7.7. Equipment. Other than the Initial Equipment and the signage pursuant to Section 3.4, Franchisee is not required to acquire through Franchisor any equipment, furnishings and other personal property specified by Franchisor (collectively, "Equipment") for use by Franchisee in the operation of the Franchised Business. However, all Equipment shall comply with the specifications and standards outlined in the Standards Manual and shall be purchased from a Franchisor Approved Vendor. Franchisor may assess against Franchisee a fine of up to \$50 per day for each piece of Equipment used in the operation of the Franchised Business that is purchased from a vendor that is not a Franchisor Approved Vendor. Franchisee shall maintain Equipment in excellent working condition. As items of Equipment become obsolete or mechanically impaired, Franchisee will replace such items with either the same or substantially the same types and quality of Equipment as are being installed in the Retail Outlets at the time replacement becomes necessary. If Franchisor reasonably determines that additional or replacement Equipment is needed for any reason including without limitation because of a change in technology or customer demand, Franchisee will install the additional Equipment or replacement Equipment within the reasonable time specified by Franchisor. Franchisor may assess against Franchisee a fine of up to \$5,000 for each violation of Franchisee's maintenance, repair and replacement obligations under this Section 7.7.

7.8. Franchisee's Stationery and Business Cards. Franchisee's stationery and business cards must bear Franchisor's logo, Franchisee's name, address and telephone number, and either of the line "ZAGG® is Independently Owned and Operated," or "Independently Owned and Operated by (name of Franchisee)," all in formats as specified by Franchisor from time to time. Unless otherwise authorized by Franchisee in writing, Franchisee shall procure all stationery and business cards from Franchisor or its designee, as the case may be. Where approval is granted by Franchisor to obtain materials from a third party, Franchisor shall furnish to Franchisee artwork including Franchisor's Mark(s) for this purpose. Franchisee shall then furnish to Franchisor, not later than fourteen (14) days after the procurement by Franchisee of the stationery and/or business cards referred to in this Section, a copy or sample of each such item. Franchisee shall under no circumstance use any stationery or business cards in the conduct of the Franchised Business which have not been previously approved by Franchisor. Franchisor may assess against Franchisee a fine of up to \$100 for each violation of this Section 7.8.

7.9. Marketing.

7.9.1. Generally. All marketing and promotion of the Franchised Business must conform to the standards and specifications set forth in the Standards Manual. Franchisor shall have the right, in its sole and absolute discretion, to review and approve all proposed marketing plans and promotional materials for the Franchised Business. Franchisee may not implement any marketing plan or use any promotional material without Franchisor's prior written consent. Franchisor or one of its affiliates may, from time to time, in Franchisor's sole and absolute discretion, provide Franchisee with promotional and marketing materials for use in the Franchised Business and on the Franchise Premises, as well as system wide marketing materials related to new products and services made available for sale in the Franchised Business during the Term of this Agreement. Franchisor reserves the right to use any media it deems appropriate or advisable to advertise or market its Franchise System. Such media may include, without limitation, the Internet, social media, print ads, television and radio. Franchisor is not

required to commit any particular monetary amount to advertising within the geographic area in which the Franchised Business is located or to any franchise.

7.9.2. Participation in Special Programs and Promotions. Franchisee shall participate, contribute and share in the costs of any required marketing and promotional programs established by Franchisor from time to time, including, but not limited to, buying promotional discount cards for distribution to potential referral sources, distributing promotional discount cards to employees of referral sources and explaining the marketing program, on-site promotions, product giveaways, and gift card programs. Franchisee shall not enter into or implement any marketing contract, arrangement or promotion pertaining to the operations of the Franchised Business without the prior written approval of Franchisor, which approval shall not be unreasonably withheld.

7.9.3. Designated Marketing Employee. Franchisee shall designate an employee to coordinate and focus on marketing efforts at the Retail Outlet. The designated employee will be responsible for coordinating local and Franchisor sponsored marketing activities.

7.10. Hours of Operation. Franchisee shall abide by any minimum operating hour requirements set forth in the Standards Manual; provided, however, that in the event of a conflict between the operating hour requirements set forth in the Standards Manual and the operating hour requirements required by the Lessor, the operating hours prescribed by the Lessor shall control. Franchisor may assess against Franchisee a fine of up to \$100 for each violation of this Section 7.10.

7.11. Inventory Ordering and Payment. Franchisee acknowledges that it is fully responsible for ordering and paying for all Product inventory and other items, including shipping expenses and optional insurance.

7.12. Required Inventory Levels. Franchisee shall maintain inventory of Product at no less than the minimum levels established by Franchisor, if any, and at levels sufficient to minimize stockouts and maintain an adequate amount and a broad selection of Product in all displays within the Franchised Business. If, at any time, stockout levels exceed fifteen percent (15%) of any particular Product “SKU”, or if from feedback received from Franchisee’s employees, the Franchise Premises, Franchisor visits, or by other means, Franchisor determines that store stockout levels are above acceptable levels, Franchisor will notify Franchisee. If orders are not placed for expedited shipping within two (2) business days of notification and payment is not received prior to the time the orders are ready to ship, Franchisee will be in material breach of this Agreement. Franchisor may during this breach period “force ship” inventory orders to Franchisee such that the Retail Outlet has sufficient inventory levels to maintain compliance with the minimum inventory requirements set forth herein. Franchisee agrees to immediately pay any such “force shipment” invoice to Franchisor, and further agrees to pay a surcharge of fifteen percent (15%) of such invoice to Franchisor.

7.13. Return Policy. Undamaged, re-sellable Products which are currently offered for sale by ZAGG may be returned to ZAGG for a credit equal to the price Franchisee paid for the returned Products minus a fifteen percent (15%) restocking fee. Products with manufacturer defects may be returned to ZAGG for a credit equal to the price Franchisee paid for the returned Products. All credit issued pursuant to this Section 7.13 (“Warranty Credit”) may only be applied towards future Product purchases from ZAGG. Any unused Warranty Credit may be used by Franchisee to purchase Product for personal use, but not for resale, for a period of two (2) years following the termination or expiration of this Agreement. Any and all remaining Warranty Credit shall automatically expire at the end of such two (2) year period. Franchisor may assess against Franchisee a fine of up to \$1,000 for each violation if Franchisor finds evidence that Franchisee has intentionally damaged Product to avoid the restocking fee.

7.14. Customer Service. Franchisee shall maintain a professional and quality level of customer service in accordance with the Standards Manual.

7.15. Right of Entry and Inspection; Access to Information; Annual Review. Franchisee shall permit representatives of Franchisor to enter the Franchised Business at any time during normal business hours, for purposes of conducting inspections. Franchisee shall cooperate fully with Franchisor's representatives in such inspections by rendering such assistance as they may reasonably request and by permitting them, at their option, to observe the manner in which Franchisee is selling the Products and Services, to monitor sales volume, to conduct a physical inventory, to confer with Franchisee's employees and customers and to remove samples of any Products, supplies and materials in amounts reasonably necessary to return to the office of Franchisor for inspection and record-keeping. The inspections may be conducted without prior notice at any time when Franchisee or one of its representatives is at the Franchised Business. The inspections will be performed in a manner which minimizes interference with the operation of the Franchised Business. Upon notice from Franchisor, and without limiting Franchisor's other rights under this Agreement, Franchisee agrees to take such steps as may be necessary to correct promptly any deficiencies detected during such inspections, including immediately desisting from the further use of any Equipment, advertising, materials, Products, Services, supplies or other items that do not conform to Franchisor's then current requirements. In the event Franchisee fails or refuses to correct such deficiencies, Franchisor shall have the right, without any claim to the contrary by Franchisee, to enter the Franchised Business or the office of Franchisee without committing trespass or any other tort, for the purpose of making or causing to be made such corrections as may be required, at the cost and expense of Franchisee, which cost and expense Franchisee agrees to pay upon demand. In addition to the foregoing, Franchisor shall have independent access to all of the information stored in the POS System, including information and data related to sales, product mix, salesperson productivity, inventory levels, labor costs and hours, and transaction details. Within sixty (60) days after each anniversary from the date of this Agreement, Franchisee shall submit to Franchisor financial statements including revenue, Warranty Credits, service costs and lease costs for the Franchised Business for the previous twelve (12) month period.

7.16. Operational Requirements. Franchisee shall operate the Franchised Business in accordance with the standards, specifications and procedures set forth in the Standards Manual. Franchisee acknowledges and understands further that changes in such standards, specifications and procedures may become necessary from time to time and hereby accepts as reasonable such modifications, revisions and additions to the Franchise System which Franchisor in the good faith exercise of its judgment believes to be necessary. Without limiting the foregoing, Franchisee shall, in its operation of the Franchised Business:

7.16.1. Record all sales on the approved POS System;

7.16.2. Comply with the procedures and systems instituted by Franchisor both now and in the future, including those relating to sales, good business practices, advertising and other obligations and restrictions;

7.16.3. Maintain in sufficient supply (as Franchisor may prescribe in the Standards Manual or otherwise in writing), and use at all times, only such inventory, Equipment, materials, advertising methods and formats, and supplies as conform with Franchisor's standards and specifications, if any, and to refrain from deviating therefrom without Franchisor's prior written consent; and

7.16.4. Adhere to the highest standards of honesty, integrity, fair dealing and ethical conduct in all dealings with customers, suppliers, vendors, employees, independent contractors, Franchisor and the public.

7.17. Credit Cards and Other Methods of Payment. Franchisee shall, at all times, maintain credit card relationships with VISA, MasterCard, American Express, and such other credit and debit card issuers or sponsors, check verification services, financial center services, and electronic fund transfer systems as Franchisor may designate from time to time in order that Franchisee may accept customers' credit and debit cards, checks, and other methods of payment. Franchisor reserves the right to require the addition or deletion of credit card relationships and other methods of payment. Franchisee shall comply with all credit card policies of Franchisor including minimum purchase requirements for a customer's use of a credit card.

7.18. Sales Information. By the tenth (10th) day of each month, Franchisee shall provide Franchisor with an income statement for the Franchised Business for the prior month. The income statement shall be prepared in accordance with generally accepted accounting principles. Franchisor may assess against Franchisee a fine of up to \$50 for each day that Franchisee is in violation of this Section 7.18.

7.19. Customer Surveys; Customer Information. Upon the reasonable request of Franchisor, Franchisee shall present to customers such evaluation forms as are from time to time prescribed by Franchisor and shall participate and/or request Franchisee's customers to participate in any marketing surveys performed by or on behalf of Franchisor. Franchisee shall also collect and maintain such customer information as Franchisor may reasonably request and will provide such information to Franchisor on a quarterly basis or as Franchisor may reasonably request.

7.20. Pricing. Franchisor may, in its discretion, establish suggested retail prices, minimum sale prices and maximum sale prices for the Products and Services. In no event shall Franchisee advertise or set the price of a Product or Service at a price that is (i) less than the minimum sale price established by Franchisor, (ii) more than five percent (5%) below the suggested retail price for the Product or Service established by Franchisor, or (iii) more than the maximum sale price established by Franchisor.

7.21. Commencement of Operations. The Retail Outlet shall commence operations no later than the date set forth on Exhibit C hereto.

VIII. CONFIDENTIAL INFORMATION AND COVENANTS NOT TO COMPETE

8.1. Confidential Information. Each of Franchisee and the Owners shall at all times treat and maintain the Confidential Information as confidential. Any hard copy of the Standards Manual provided to Franchisee shall be kept in a secure area within the Retail Outlet. Franchisee shall strictly limit access to the Confidential Information to the employees of Franchisee, to the extent they have a "need to know" in order to perform their jobs. Franchisee shall not disclose to anyone, nor use or exploit for Franchisee's own purposes or benefit, any Confidential Information disclosed to Franchisee by Franchisor, its agents, or employees. This covenant shall be effective for the entire duration of the franchise relationship created under this Agreement and at all times thereafter. Franchisee shall report the theft, loss or destruction of the Standards Manual or any portion thereof, immediately to Franchisor. Franchisee shall not at any time, without Franchisor's prior written consent, copy, record or otherwise reproduce any of the Confidential Information, in whole or in part. All persons whom Franchisee permits to have access to the Standards Manual or any other Confidential Information shall first be required by Franchisee to sign and deliver to Franchisor's then current form of confidentiality agreement.

8.2. Prior Information. Each of Franchisee and the Owners acknowledges that all Confidential Information, if any, received prior to the date of this Agreement was made known to Franchisee through disclosure by or on behalf of Franchisor and that such Confidential Information is important for the success of the system. To the extent Franchisee received any Confidential Information

prior to the date of this Agreement or receives any Confidential Information after the execution of this Agreement, and Franchisee does not assert in writing to Franchisor within thirty (30) days after the later of (i) the date of this Agreement or (ii) Franchisee's receipt of such Confidential Information that any or all of the information comprising the Confidential Information should not be considered Confidential Information, then Franchisee shall be deemed to have irrevocably waived Franchisee's right to make any such claim. Franchisee acknowledges that such representation and warranty is a material inducement for Franchisor to enter into this Agreement, and any breach shall be a material breach of this Agreement.

8.3. Periodic Revisions. Franchisor may from time to time revise and change the contents of the Standards Manual. Franchisee agrees to comply with each new or changed provision beginning the thirtieth (30th) calendar day (or such longer time as specified by Franchisor) after delivery of written notice to Franchisee by Franchisor. Revisions to the Standards Manual shall be based on what Franchisor, in its sole discretion, deems is in the best interest of the Franchise System, including without limitation to promote quality, enhance goodwill, increase efficiency, decrease administrative burdens, or improve profitability of Franchisor or its franchisees. Franchisee shall at all times ensure that any hard copy of the Standards Manual provided to Franchisee contains all updates received from Franchisor. In the event of any dispute as to the contents, the Standards Manual maintained by Franchisor at Franchisor's principal office shall be controlling. Franchisee acknowledges that because complete and detailed uniformity under many varying conditions may not be possible or practical, Franchisor specifically reserves the right and privilege, at its sole discretion and as it may deem in the best interests of all concerned in any specific instance, to vary standards for any franchisee based upon the peculiarities of the particular site or circumstances, Lessor requirements, business potential, area population, existing business practices or any condition which Franchisor deems to be of importance to the successful operation of such franchisee's business. Franchisee shall not be entitled to require Franchisor to grant to Franchisee a like or similar variation under this Agreement.

8.4. Non-Compete.

8.4.1. Restrictions. It is agreed and understood that Franchisor shall acquaint Franchisee and the Owners with the Products and Services, as well as Franchisor's sales and other business methods, that at least some of this information is Confidential Information of Franchisor, as the case may be, and that Franchisor wishes to be protected from having this information used by competitors. Franchisee agrees that Franchisor would be unable to protect the Confidential Information against unauthorized use or disclosure and would be unable to encourage a free exchange of ideas and information among franchisees within the Franchise System if franchisees were permitted to participate with or hold interests in any competitive business. Accordingly, Franchisee and the Owners each covenant and agree that during the Term of this Agreement and for a two (2) year period thereafter, except as otherwise approved in writing by Franchisor, he/she/it will not, anywhere in any jurisdiction in which Franchisor operates the Franchise System:

(a) directly or indirectly, solicit or otherwise attempt to induce, by combining or conspiring with, or attempting to do so, or in any other manner influence any business affiliate of Franchisor, including other franchisees, to terminate or modify such affiliate's business relationship with Franchisor or to compete against Franchisor;

(b) directly or indirectly, as owner, officer, director, employee, agent, lender, broker, consultant, franchisee or in any other similar capacity whatsoever be connected in any manner with the ownership, management, operation, franchising or control, or conduct of business involving the retail sale of protective film covering for electronic devices or other accessories or technology similar to the Products (provided that this restriction shall not apply to less than a one percent (1%) beneficial interest in a publicly-held entity); or

(c) in any manner interfere with, disturb, disrupt, decrease or otherwise jeopardize the business of Franchisor or any of its other franchisees.

The parties agree that subsections (a), (b) and (c) are independent of each other and are severable.

8.4.2. Reasonableness of Restrictions. Franchisee and the Owners each acknowledge and confirm that the length of the term and geographical restrictions contained in this Section are fair and reasonable and are necessary in order to protect the legitimate business interest of Franchisor and not the result of overreaching, duress or coercion of any kind, and all defenses to the strict enforcement of such restrictions by Franchisor are hereby waived. Franchisee and the Owners each further acknowledge and confirm that their respective full, uninhibited and faithful observance of each of the covenants contained in this Section will not cause any undue hardship, financial or otherwise, and that enforcement of each of the covenants contained in this Section will not impair Franchisee's or an Owner's ability to obtain employment commensurate with his/her/its abilities and on terms fully acceptable or otherwise to obtain income required for the comfortable support of Franchisee and the Owners and their respective families, and the satisfaction of the needs of Franchisee's creditors. Franchisee and the Owners each acknowledge and confirm that their special knowledge of the Franchised Business is such as would cause Franchisor and its franchisees serious injury and loss if Franchisee, an Owner (or anyone acquiring such knowledge through Franchisee) were to use such knowledge to the benefit of a competitor or were to compete with Franchisor or any of its franchisees.

8.4.3. Judicial Revision of Restrictions. In the event that any court shall finally hold that the time or geographic area or any other provision stated in this Section constitutes an unreasonable restriction upon Franchisee or an Owner, Franchisee and the Owners agree that the provisions of this Agreement shall not be rendered void, but shall apply as to time and geographic area or to such other extent as such court may judicially determine or indicate constitutes a reasonable restriction under the circumstances involved. In the event of a breach of the provisions of this Article VIII, the term of the non-compete provisions shall be tolled during any period in which Franchisee is in breach of such provisions.

IX. LICENSES

9.1. Licenses and Permits. It shall be Franchisee's responsibility to obtain any and all licenses, permits, authorizations and/or certifications required to operate the Franchised Business, including without limitation, licenses to do business, entity registration and fictitious name/DBA filings. Copies of all such licenses, certificates, registrations and filings shall be provided to Franchisor within five (5) days of Franchisor's request. Copies of all inspection reports, warnings, and ratings issued by any governmental entity which indicates the Franchised Business' failure to meet or maintain the highest governmental standards, or less than full compliance by Franchisee with any applicable law, rule or regulation, shall be forwarded to Franchisor not later the five (5) days from Franchisee's receipt thereof.

9.2. Assistance from Franchisor. Franchisor shall promptly provide Franchisee with such data or information it has which Franchisee may reasonably need to obtain any license, permit, authorization and/or certification required to operate the Franchised Business.

X. ASSIGNMENTS

10.1. Franchisor's Consent Required. Franchisee shall not sell, assign, transfer, mortgage, charge, grant a security interest in or otherwise encumber (collectively "Transfer") any of Franchisee's right and interest hereunder or in any assets of the Franchised Business, nor shall any of the Owner's Transfer any of their shares in the capital of Franchisee nor shall Franchisee amalgamate, merge,

reorganize, or engage in any similar proceeding, without in each case obtaining the prior written consent of Franchisor, which consent may not be unreasonably withheld. Consent by Franchisor to any assignment or transfer shall not constitute a waiver of the requirement for such consent to any subsequent assignment or transfer.

10.1.1. Consent Conditions. Franchisor's consent to a Transfer is subject to certain conditions, including, but not limited to:

(a) Qualification of any proposed assignee in accordance with the standards Franchisor then applies in evaluating prospective purchasers of new franchises; the proposed assignee's demonstration, to Franchisor's satisfaction, that it possesses the business and personal skills, reputation, and financial capacity Franchisor requires; that the proposed assignee has the financial and professional ability to comply with Franchisee's obligations relating to the Franchised Business; and that the proposed assignee possesses good character and will enhance the franchise system and the public goodwill relating thereto;

(b) Structuring of the Transfer so that the proposed assignee's on-going Franchised Business is financially viable;

(c) Payment of all outstanding debts by Franchisee including all payments owing to Franchisor;

(d) Curing by Franchisee of all defaults and non-compliance under this Agreement;

(e) Execution of the then current form of franchise agreement by the proposed assignee(s), which form of franchise agreement may contain materially different terms than those contained in this Agreement;

(f) Payment by Franchisee of a transfer fee, in the amount of between One Thousand Dollars (\$1,000) and Five Thousand Dollars (\$5,000), as determined in the sole discretion of Franchisor;

(g) Agreement by the proposed assignee(s) to attend the Initial Franchisee Training, at its own cost and expense;

(h) Execution of an acknowledgment or receipt by proposed assignee(s) as to a receipt by assignee(s) of the applicable franchise disclosure documents at least fourteen (14) days prior to any such proposed assignment or the payment of any consideration therefor;

(i) Receipt of all information requested by Franchisor, including financial statements, to evaluate the proposed assignee(s), including the management, business and educational experience of assignee(s) and financial status of the proposed assignee(s);

(j) Execution of a general release of any and all claims by Franchisee and the Owners in favor of Franchisor and its affiliates, and their respective owners, officers, directors and agents which release may exclude therefrom any claims available to Franchisee pursuant to applicable franchise disclosure law; and

(k) As applicable, Franchisee shall have complied with the requirements of Section 10.4 pertaining to Franchisor's right of first refusal, and Franchisor shall have elected not to exercise such right of first refusal.

10.1.2. Transfer to Business Entity. Subject to Section 10.4, Franchisee, if an individual, will have the right to transfer or assign the franchise to a business entity owned by that individual, without any additional payment to Franchisor; subject, however, to the following provisions:

(a) That the individual Franchisee owns and maintains ownership of the majority of all of the issued and outstanding ownership interests in the business entity, that a list of owners be delivered to Franchisor each of whom delivers a certificate to Franchisor, in form and substance satisfactory to Franchisor, that he or she has no interest in any competitive business, and that, in each case, no additional ownership interest be issued without Franchisor's written consent; and that all documentation requirements within Section 14.9 of this Agreement be provided;

(b) That the business entity unconditionally assumes all of the obligations of Franchisee under this Agreement;

(c) That Franchisee pays to Franchisor all amounts then payable by it to Franchisor pursuant to this Agreement;

(d) That Franchisee remains responsible for the performance of all of its obligations and undertakings under this Agreement; and

(e) That a document reflecting the foregoing provisions acceptable to Franchisor be signed and delivered to Franchisor by Franchisee, the new business entity and Franchisor.

10.1.3. No Increased Risk. Franchisor reserves the right to withhold consent to any proposed Transfer that would result in Franchisor having any increased risk, burden or chance of not obtaining performance. Any approved Transfer will not release Franchisee from primary liability to Franchisor for any payments due under this Agreement.

10.2. Death or Incapacity. The following provisions apply only if Franchisee is an individual or individuals. In the event of the death of Franchisee or Franchisee's incapacity (defined herein as Franchisee's inability according to competent medical authority to perform the Franchisee's obligations under this Agreement for a period of three (3) months or more as the result of illness or accident), Franchisor shall be entitled to demand information from Franchisee or Franchisee's legal representative as to what actions are being taken to prevent or minimize the interruption of the full operations of the Franchised Business, and shall be entitled, but not required, to render whatever assistance is requested to return the Franchised Business to full operations. Franchisor shall be entitled to reimbursement, within thirty (30) days of invoice, from Franchisee or Franchisee's estate for any reasonable expenditures thus incurred if other than normal services provided pursuant to other provisions in this Agreement are provided. Such death or incapacity shall not of itself be grounds for termination of this Agreement unless either (i) Franchisee or Franchisee's legal representative fail for a period of sixty (60) days after such death or incapacity to commence action to assign this Agreement as permitted by Section 10.1, or (ii) such assignment is not completed within six (6) months after such death or incapacity; provided, however, any period of time during which an assignment is subject to Franchisor's approval shall not be a part of such six (6) month time limit provided for herein.

10.3. Assignment by Franchisor. Franchisor reserves the right to sell, assign or delegate all or any part of its rights, privileges or duties under this Agreement. Upon such sale, assignment or delegation, Franchisor shall be relieved of all further liability hereunder.

10.4. Franchisor's Right of First Refusal. If at any time during the Term of this Agreement: (a) any Owner or other person who holds an ownership or voting interest in Franchisee (or in any entity with an ownership interest in Franchisee) receives an arm's-length written offer from an independent third party to purchase any portion or all of such person's interest (the portion or all of such person's interest hereinafter referred to as the "Interest," and such type of offer later referred to as the "Interest Offer"); or (b) Franchisee shall receive an arm's-length written offer from an independent third party to purchase any portion or all of Franchisee's interests under this Agreement or, outside the ordinary course of business, a material part or all of the assets used in the Franchised Business and the Retail Outlet if owned by Franchisee or an affiliate (such assets subject to the offer later referred to as the "Assets," and such type of offer later referred to as the "Asset Offer"), then Franchisee shall ensure that such person receiving the Interest Offer, or Franchisee receiving the Asset Offer (as the case may be, and in either case the person receiving such third party's offer is hereinafter referred to as the "Offeror") shall, if he or she desires to accept such offer, first offer to sell to Franchisor the Interest or the Assets for the consideration and on the terms and conditions set forth in such third party's written offer. The Offeror's offer (the "Offer") shall be made by written notice to Franchisor setting forth the name and address of the prospective purchaser, the price and terms of the Offer together with a franchise application completed by the prospective purchaser, and any other information that Franchisor may reasonably request in order to evaluate the Offer including any purchase and sale and related agreements proposed to be executed or executed by Franchisee and/or the prospective purchaser. Franchisor shall have the first option to purchase the Interest or the Assets by accepting the Offer, within thirty (30) days after its receipt of the Offer and required information.

10.4.1. If Franchisor gives notice of acceptance of the Offer, then the Offeror shall sell the Interest or the Assets to Franchisor and Franchisor shall purchase the Interest or the Assets from the Offeror, for the consideration and upon the terms and conditions set forth in the Offer, less any broker's commission not due if Franchisor exercises its right of first refusal but due and payable by the Offeror upon the sale to the prospective purchaser. Franchisor's creditworthiness shall be deemed at least equal to the creditworthiness of any proposed purchaser.

10.4.2. If an independent third party's written offer (and the Offeror's corresponding offer to Franchisor) provides for the purchaser's payment of a unique consideration which is of such a nature that it cannot reasonably be duplicated by Franchisor, then Franchisor may, in its notice of exercise, in lieu of such unique consideration, substitute cash in an amount determined by mutual agreement of the Offeror and Franchisor within forty-five (45) days after the Offer is made or, failing such agreement, by an independent appraiser selected by Franchisor.

10.4.3. If the proposed sale includes assets of the Offeror not related to the operation of the Franchised Business, Franchisor may, at its option, elect to purchase only the assets related to the operation of the Franchised Business and an equitable purchase price shall be determined in the reasonable discretion of Franchisor and allocated to each asset included in the proposed sale.

10.4.4. Unless otherwise agreed by the Offeror and Franchisor, the closing of the purchase of the Interest or the Assets shall be held at Franchisor's then principal office or other location designated by Franchisor, no later than the sixtieth (60th) day after the Offer is delivered to Franchisor, provided that the closing of any such purchase for which an amount of cash consideration must be determined in accordance with Section 10.4.2 or 10.4.3 shall be held on the fifteenth (15th) day after such determination. At any such closing, the Offeror shall deliver to Franchisor an assignment and other

documents reasonably requested by Franchisor representing a transfer of ownership of the Interest or the Assets free and clear of all liens, claims, pledges, option, restrictions, charges and encumbrances, in proper form for transfer and with evidence of payment of all applicable transfer taxes by the Offeror. Franchisor shall simultaneously therewith make a payment of any cash consideration for the Interest or Assets, after set off against the amount due to the Offeror for all amounts Franchisee owes Franchisor, if any. The remaining terms and conditions of such purchase and sale shall be as set forth in the Offer.

10.4.5. If Franchisor does not accept the Offer as provided above, the Offeror shall be free, for a period of sixty (60) days after Franchisor has elected not to exercise its option, to sell the Interest or the Assets to the independent third party for the consideration and upon the terms and conditions specified in such third party's written offer, subject to full compliance with all terms and conditions of transfer required under this Agreement, including but not limited to the conditions for Franchisor's consent in Section 10.1. It shall be a condition precedent to any sale of the Assets or the Interest to an independent third party that there is delivered to such third party an acknowledgement that the Assets or the Interest purchased by such third party is and shall be subject to the terms and conditions of this Agreement and that such third party agrees to be bound to the terms of this Agreement with respect to transferring the Assets or the Interest, in the same manner as the Offeror. If the Offeror does not sell the Assets or the Interest as provided above within the aforesaid sixty (60) day period, then any transfer of the Interest or the Assets shall again be subject to the restrictions set forth in this Agreement.

10.4.6. In the event a proposed transferee is the spouse, son, or daughter of the Offeror, Franchisor shall not have any right of first refusal; provided, however, that all such transferees shall be subject to all of the restrictions on transfer of ownership imposed on the Offeror under this Agreement, including but not limited to the conditions for Franchisor's consent in Section 10.1.

XI. LIABILITY AND INSURANCE

11.1. Liability. Each party to this Agreement is solely liable for such party's own conduct and contractual liabilities. In the event the act or acts of either party to this Agreement or such party's agents or employees give rise to any legal action in which the parties to this Agreement are named, the party whose actions were primarily responsible for giving rise to the lawsuit shall indemnify, defend and hold the other party harmless from claims, costs and expenditures arising out of or in connection with such action, including, but not limited to, the costs of legal defense.

11.2. Insurance. Franchisee shall purchase and maintain in effect policies of at least the following types and coverage amounts, and stating that Franchisor shall receive a thirty (30) day prior written notice of cancellation, modification or nonrenewal:

11.2.1. A comprehensive general liability policy, including products liability, in the amount of One Million Dollars (\$1,000,000) for each occurrence of bodily injury, death and property damage, or in such other amounts as Franchisor or Lessor may reasonably request, for the operation of the Franchised Business.

11.2.2. Such worker's compensation coverage as may be required by any applicable law.

11.2.3. Fire and extended coverage, vandalism, malicious mischief and special extended coverage insurance to the extent of one hundred percent (100%) of the replacement value of the Retail Outlet, as well as the cost of replacement of all Equipment, inventory and personal property therein.

11.2.4. Fire damage legal liability insurance in an amount of at least Three Hundred Thousand Dollars (\$300,000) for each occurrence.

11.2.5. Business interruption insurance, in an amount sufficient to cover Franchisee's obligations to Franchisor hereunder, including but not limited to a monthly payment for the purchase of Products and required royalties in an amount equal to Franchisee's average monthly purchase of Products and royalty payment during the previous year, during the period of any business interruption.

11.3. Minimum or Additional Coverage. Franchisee agrees that the amounts of coverage or extent of coverage stated in Section 11.2 are minimums and that if the Lessor or Franchisor determines in its discretion the Franchised Business dictates additional types of insurance and/or broader or higher coverage amounts, the same shall be immediately procured pursuant to the terms hereof. Franchisee shall provide Franchisor with copies of the currently effective insurance policies for each of the above categories of insurance prior to the opening of business at the Franchise Premises. All policies shall be renewed and evidence of renewal mailed to Franchisor prior to the expiration date. All such insurance policies shall name Franchisor as an additional insured or loss payee, as applicable.

11.4. Insurance Certificates. Franchisee shall provide Franchisor with certificates confirming that the insurance required under Section 11.2 is in full force and effect at the following times: (a) prior to commencing operations of the Franchised Business, (b) on or before October 1 of each year following commencement of operations of the Franchised Business, and (c) within five (5) days following any change to Franchisee's insurance coverage. Franchisor may assess against Franchisee a fine of up to \$50 for each day Franchisee is in violation of this Section 11.4.

11.5. Notice of Claims. Franchisee shall immediately notify Franchisor of any claims arising under any of the aforesaid policies of insurance, as well as any actual or contemplated cancellation or modification of any insurance coverage pertaining to the Franchised Business.

11.6. Indemnification by Franchisee. Franchisee is responsible for all loss or damage and contractual liabilities to third persons originating in or in connection with the operation of the Franchised Business and for all claims or demands for damages to property or for injury, illness or death of persons directly or indirectly resulting therefrom; and Franchisee agrees to defend, indemnify and hold Franchisor harmless from any such claims, loss or damage.

11.7. Notices to Franchisor. Franchisee shall notify Franchisor in writing within five (5) days of any of the following events if any such event occurs in connection with the Franchised Business or may have an adverse effect on the Franchised Business:

11.7.1. The actual commencement of any action, suit, countersuit or other proceeding against Franchisee; or

11.7.2. The receipt of any notice of noncompliance by Franchisee with any law, rule or regulation; or

11.7.3. The issuance of any order, writ, injunction, award or decree of any court, agency or other governmental instrumentality entered against Franchisee.

Franchisee shall provide Franchisor with any information it requests, within five (5) days of the request, concerning the progress and outcome of any such events.

XII. LEGAL REMEDIES, DEFAULT AND DISPUTE RESOLUTION

12.1. Choice of Forum. The parties acknowledge that a substantial portion of the negotiations, anticipated performance and execution of this Agreement occurred or shall occur in the state of residence

of the Franchisor, currently Cleveland, Ohio, and that, therefore, subject to the provisions of any applicable law in the jurisdiction in which the Franchised Business is located, each of the parties irrevocably and unconditionally:

12.1.1. Agrees that any suit, action or legal proceeding arising out of or relating to this Agreement shall be brought only in the courts of record of the state of residence of the Franchisor, currently Cleveland, Ohio;

12.1.2. Consents to the jurisdiction of each such court in any suit, action or proceeding;

12.1.3. Waives any objection which such party may have to the laying of venue of any such suit, action or proceeding in any of such courts; and

12.1.4. Agrees that service of any court paper may be effected on such party by mail, as provided in this Agreement, or in such other manner as may be provided under applicable laws or court rules in the state of residence of the Franchisor, currently Ohio.

Notwithstanding the foregoing or anything else in this Agreement to the contrary, Franchisor may seek equitable or injunctive relief in any jurisdiction competent to grant such relief and that can exercise jurisdiction over Franchisee.

12.2. Governing Law. Subject to the provisions of any applicable law in the jurisdiction in which the Franchised Business is located, this Agreement shall be governed by the internal laws of the state of residence of the Franchisor, currently Ohio, without regard to principles of conflict of laws, and the provisions of this Agreement shall be construed and interpreted in accordance with said laws.

12.3. Costs and Fees. In the event any legal or arbitration action shall become necessary to interpret this Agreement or enforce its provisions, the party prevailing in such action shall be entitled to recover as part of such party's damages, all costs and disbursements reasonably necessary in the institution and prosecution of such action, including reasonable attorneys' fees. These costs and fees shall be recoverable in addition to any other relief to which the party shall be entitled. For purposes of this Section, "prevailing party" shall be defined as any party who has obtained a judgment or an order of court or an arbitrator award granting legal or equitable relief, and such judgment, order or award is final and not subject to any appeal. If Franchisor is required to engage legal counsel in connection with any failure by Franchisee to pay when due any monies owed under this Agreement or submit when due any reports, information or supporting records, or in connection with any failure otherwise to comply with this Agreement, Franchisee shall reimburse Franchisor on demand for all of the above-listed costs and expenses incurred by it regardless of whether any arbitration or legal proceedings are commenced.

12.4. Default. The occurrence of any of the following events (after the expiration of any cure period specified below), shall constitute a default and shall be good and sufficient cause for Franchisor, at its option and without prejudice to any other rights or remedies provided for hereunder or by law or equity, to terminate this Agreement upon delivery of written notice to Franchisee:

12.4.1. If Franchisee shall fail to maintain sufficient working capital to operate the Franchised Business or if Franchisee be adjudicated a bankrupt, becomes insolvent, or if a receiver (permanent or temporary) of its property or any part thereof is appointed by a court of competent authority; if it makes a general assignment for the benefit of creditors, or if a final judgment remains unsatisfied of record for thirty (30) days or longer or if execution is levied against Franchisee's business or property, or suit to foreclose any lien or mortgage against the Retail Outlet or equipment is instituted against Franchisee and not dismissed within thirty (30) days;

12.4.2. If Franchisee fails to make any payment when due to Franchisor under this Agreement or to its suppliers or others and such failure continues for a period of ten (10) days after written notice thereof to Franchisee;

12.4.3. If Franchisee breaches any obligation (not otherwise addressed in this Section 12.4) set forth in this Agreement or any other agreement with Franchisor or its affiliates, and said default shall continue after ten (10) days' notice thereof; or Franchisee commits three (3) or more breaches of any of its obligations under this Agreement within any consecutive twelve (12) month period;

12.4.4. If a serious or imminent threat or danger to public health or safety results from the construction, maintenance or operation of the Franchised Business and such threat or danger remains uncorrected for two (2) days after receipt by Franchisee of written notice from Franchisor, the Lessor, or a governmental authority, unless a cure cannot be reasonably completed in such time, in which event all reasonable steps to cure must be commenced within such time, but a cure must be completed promptly thereafter, in no event later than thirty (30) days after receipt of such written notice;

12.4.5. If Franchisee breaches any term of the lease for the Retail Outlet and fails to cure such breach within the cure period provided in such lease;

12.4.6. If Franchisee suffers a violation of any law, ordinance, rule or regulation in the jurisdiction in which the Franchised Business is located that the Franchisor believes is likely to have a material adverse effect on the Franchised Business, and the same is not corrected within the earlier of: (a) the timeframe provided by a governmental authority; or (b) thirty (30) days after receipt of written notice from Franchisor;

12.4.7. If the Retail Outlet remains closed for a period of longer than ten (10) consecutive days; provided that in the case of seasonal locations (locations where the majority of stores similar to the Franchised Business close for a season or an extended period of time each year), the provisions of this Section apply only if the Retail Outlet remains closed for a period greater than ten (10) consecutive days during the season in which the majority of similar stores are open;

12.4.8. If Franchisee, or any officer, director, Owner or managerial employee of Franchisee, is convicted of any offense that Franchisor believes is likely to have a material adverse effect on the Franchise System or the goodwill associated with the Marks;

12.4.9. If Franchisee denies Franchisor the right to inspect the Franchised Business or to audit the sales and accounting records of the Franchised Business;

12.4.10. If Franchisee engages in conduct which is deleterious to or reflects unfavorably on Franchisor, the Franchise System, or the Franchisor's other franchisees;

12.4.11. If, contrary to the terms of this Agreement, any person purports to transfer any rights or obligations under this Agreement, without Franchisor's prior written consent as required under this Agreement;

12.4.12. If Franchisee knowingly maintains false books or records, or knowingly submits any false reports to Franchisor, or otherwise fails to maintain full, complete and accurate books of account and records;

12.4.13. If Franchisee misuses or makes any unauthorized use of the Confidential Information, the Trade Name or any of the Marks, challenges, contests, impairs or invalidates the Trade

Name or any of the Trademarks, or otherwise directly or indirectly does anything that tends to impair or invalidate the Trade Name, any of the Trademarks, the goodwill associated therewith, or Franchisor's rights therein, or any breach of the covenants of Section 8.4 hereof occurs;

12.4.14.If Franchisee loses the right to possession of the Retail Outlet; or

12.4.15.If Franchisee or any of its affiliates defaults under any other agreement with Franchisor or any of its affiliates, such default is deemed a default under this Agreement. If Franchisor or its affiliates terminate such other agreement, Franchisor may terminate this Agreement without providing Franchisee with any opportunity to cure. Such termination is effective upon delivery of written notice thereof. For purposes of this Article XII, with respect to a business entity, the term "affiliate" includes any person controlling, controlled by, or under common control with that business entity. With respect to an individual, "affiliate" includes that individual's immediate family members, as well as the business entities such family members, directly or indirectly control.

12.5. Effect of Termination.

12.5.1. Upon expiration or termination of this Agreement, Franchisee's authorization to use in any manner the Marks or any confusingly similar name shall terminate forthwith. Franchisee shall not thereafter, directly or indirectly, identify itself in any manner as a franchisee, or publicly identify itself as a former franchisee or use any of the Confidential Information, Marks, signs, symbols, procedures or other materials constituting part of the Franchised Business.

12.5.2. Upon expiration or termination of this Agreement, Franchisor or its designee, shall have the right to purchase or lease Franchisee's Retail Outlet, and/or to purchase Franchisee's Equipment and inventory at its depreciated value; and if Franchisor exercises said right, Franchisee shall sell said items, free and clear of all liens, claims and other encumbrances, to Franchisor as described. Depreciated value shall be the lesser of market value or Franchisee's cost less depreciation on a straight line basis of ten percent (10%) per year.

12.5.3. Franchisee agrees that, upon expiration or termination of this Agreement, it will vacate the Franchise Premises immediately, or, at the option of Franchisor, will immediately make such removals or changes in signage and colors of the Franchised Business as Franchisor shall reasonably request so as to distinguish effectively the Franchised Business from its former appearance and from other franchised businesses of the Franchise System. If Franchisee shall fail to make such changes forthwith, then Franchisor may enter and make such changes at Franchisee's expense. If Franchisee's Retail Outlet is not subleased by Franchisor or its affiliates to Franchisee, Franchisor shall have the option to require Franchisee to assign any leasehold interest in such Retail Outlet to Franchisor upon expiration or termination of this Agreement.

12.5.4. Upon expiration or termination of this Agreement, Franchisee shall return to Franchisor all copies of documents, instructions (including all operations data instruction material), manuals, display items, materials, promotional aids and all writings bearing the Trade name or the Marks. Franchisee shall also comply with its obligations under Section 8.4.

12.5.5. In the event of termination for any default of Franchisee, the extent of all damage which Franchisor has suffered by virtue of such default shall be and remain a lien in favor of Franchisor against any and all of the personal property, machinery, fixtures and equipment owned by Franchisee on Franchisee's Retail Outlet at the time of such default.

12.6. Injunctive Relief/Specific Performance. Franchisee recognizes that the Franchised Business is, or is intended to be, one of a number of businesses identified by the Trade Name or the Marks in selling the Products and Services, and hence the failure on the part of a single franchisee to comply with the terms of this Agreement is likely to cause irreparable damage to Franchisor and/or to some or all of the other franchisees within the Franchise System and damages at law would be an inadequate remedy. Therefore, in the event of a breach or threatened breach by Franchisee of any provision of this Agreement, Franchisor shall be entitled, in addition to all other rights or remedies, to injunctions restraining such breach, without being required to show any damage or to post any bond or other security, and/or to a decree for specific performance of the provisions of this Agreement.

12.7. Liquidated Damages for Premature Termination. In the event of termination as a result of Franchisee's default under Section 12.4, Franchisee agrees to pay to Franchisor a lump sum payment (as liquidated damages for causing the premature termination of this Franchise Agreement and not a penalty) of Five Thousand Dollars (\$5,000), in addition to any additional actual damages that can be proven by Franchisor. Franchisee agrees that Franchisor shall have the right, but not the obligation, to offset all or any portion of such liquidated damages against any credits or other amounts owed by Franchisor to Franchisee.

12.8. Cross-Termination. If Franchisor terminates this Agreement, it and its affiliates may terminate any or all other agreements (including, without limitation, any sublease or other franchise agreement) they may respectively have entered into with Franchisee or any of its affiliates. Such termination is effective upon delivery of written notice thereof.

12.9. Payment of Fines; Interest. All fines assessed by Franchisor against Franchisee under this Agreement shall be paid within three (3) days of receipt of notice of such assessment. All costs, expenses, charges, fines and fees that Franchisee assumes or agrees to pay hereunder, together with all interest and penalties that may accrue thereon in the event of Franchisee's failure to pay such items, shall bear interest from the date said sums are due until paid, before and after judgment, at the lesser of (i) eighteen percent (18%) per annum, and (ii) the maximum interest rate permitted by applicable law. Franchisee acknowledges and agrees that Franchisor shall have the right, but not the obligation, to offset all or any portion of any amounts payable in accordance with this Section 12.9 against any credits or other amounts owed by Franchisor to Franchisee.

XIII. ARBITRATION

13.1. Binding Arbitration. Except as specifically modified by this Article and excepting matters involving remedies as set forth in Section 13.2, any controversy or claim arising out of or relating to this Agreement, including any claim that this Agreement, or any part thereof, is invalid, illegal or otherwise voidable or void, shall be submitted to arbitration before the American Arbitration Association in accordance with its commercial arbitration rules but subject to applicable law in the jurisdiction in which the Franchised Business is located, or any other mutually agreeable arbitration association and in accordance with the procedures hereinafter set forth:

13.1.1. Each party shall select one arbitrator and the two arbitrators selected shall select a third. Judgment upon an award of the majority of arbitrators filed in a court of competent jurisdiction shall be binding.

13.1.2. The provisions of this Article shall be construed as independent of any other covenant or provision of this Agreement; provided that if a court of competent jurisdiction determines that any such provisions are unlawful in any way, such court shall modify or interpret such provisions to the minimum extent necessary to have them comply with the law.

13.1.3. Judgment upon an arbitration award may be entered in any court having competent jurisdiction and shall be binding, final and non-appealable. Franchisor, Franchisee and the Owners waive to the fullest extent permitted by law, any right to or claim for any punitive or exemplary damages against the other and agree that, except as provided in Section 12.7, in the event of a dispute between them each shall be limited to the recovery of any actual damages sustained by it, plus prevailing party fees in accordance with this Agreement.

13.1.4. Prior to any arbitration proceeding taking place, Franchisor or Franchisee may, at its respective option, elect to have the arbitrators conduct, in a separate proceeding prior to the actual arbitration, a preliminary hearing, at which hearing testimony and other evidence may be presented and briefs may be submitted, including a brief setting forth the then applicable statutory or common law methods of measuring damages in respect of the controversy or claim being arbitrated.

13.1.5. This arbitration provision shall be deemed to be self-executing and shall remain in full force and effect after the expiration or termination of this Agreement. In the event either party fails to appear at any properly noticed arbitration proceeding, an award may be entered against such party by default or otherwise notwithstanding such failure to appear.

13.1.6. Subject to applicable law in the jurisdiction in which the Franchised Business is located, arbitration shall take place in Cleveland, Ohio or such other place where Franchisor's principal office may be located.

13.1.7. Franchisee acknowledges and agrees that it is the intent of the parties that arbitration between Franchisor and Franchisee shall be of Franchisor's and Franchisee's individual claims, and that none of Franchisee's claims shall be arbitrated on a class-wide basis.

13.2. Exceptions to Arbitration; Equitable Relief. The obligation to arbitrate shall not be binding upon Franchisor with respect to claims relating to the Confidential Information or the Marks, claims related to non-competition covenants or to any lease or sublease of real property between the parties or their related entities, the obligations of Franchisee upon termination or expiration of this Agreement, any transfers restricted under this Agreement, matters relating to actions which may impair the goodwill associated with the Trade Name or the Marks, matters involving claims of danger, health or safety involving Franchisee, Franchisee's employees, customers or the public, or requests for restraining orders, injunctions or other proceedings in a court of competent jurisdiction to obtain specific performance when deemed necessary by such court to preserve the *status quo* or prevent irreparable injury pending resolution by arbitration of the actual dispute between the parties.

XIV. MISCELLANEOUS PROVISIONS

14.1. Time of the Essence. Time is of the essence in this Agreement, and failure to comply with any of the deadlines provided for herein shall be considered a material breach of this Agreement.

14.2. No Oral Modification. No attempted or purported change or modification of any of the terms or conditions set forth in this Agreement shall be of any effect unless the change or modification is reduced to writing and signed by the parties hereto.

14.3. Binding Effect. This Agreement shall be binding upon and inure to the benefit of the parties hereto, their successors, heirs, legal representatives and, to the extent assignment is permitted, assigns.

14.4. Survival. All obligations of the parties which expressly or by their nature survive the expiration or termination of this Agreement, shall survive until they are satisfied or by their nature expire.

14.5. Entire Agreement. This Agreement, including all Exhibits hereto, which shall be deemed incorporated herein by reference, contains the entire agreement of the parties hereto with respect to the subject matter hereof, and completely supersedes any and all prior agreements pertaining to the subject matter of this Agreement. It is expressly understood and agreed that Franchisor has made no representations, inducements, warranties or promises, whether direct, indirect or collateral, expressed or implied, oral or otherwise, concerning this Agreement, the matters herein, the Franchised Business or concerning any other matters which are not embodied herein. Notwithstanding the foregoing, nothing in this Agreement or in any related agreement is intended to disclaim the representations made by Franchisor in the franchise disclosure document prepared by Franchisor and provided to Franchisee in connection with this Agreement.

14.6. Waiver. It is agreed and understood that no waiver of any term of this Agreement shall be of any effect unless reduced to writing and signed by the party against whom such waiver is asserted. Any failure on the part of either party to enforce any right under this Agreement at any particular time shall not be construed as a general waiver of that right with respect to any future occasion for assertion of that right.

14.7. Notices. All notices required or permitted to be given hereunder by one party to the other shall be given in writing by personal delivery by registered mail or by facsimile or other electronic transmission, postage prepaid, addressed to such other party or delivered to such other party as follows:

To Franchisor at: 7100 E. Pleasant Valley Rd. Ste. 300
(A) Independence, OH 44131
(B) Attention: General Counsel
(C) Email: jczekalinski@merrymtg.com

To Franchisee at: the Retail Outlet

To Owners at: their respective addresses set forth on the signature page hereto

A notice given as aforesaid shall be deemed to have been received when delivered or, if mailed, three (3) days after the date of mailing or, if sent by facsimile or other electronic transmission, one (1) day following the date of transmission.

14.8. Change of Address Notice. The addresses where notices are to be delivered under this Agreement may be changed by any party hereto by designating a new address, in writing, and delivering such designation to the other parties in the same manner as notices are to be delivered.

14.9. Business Entity Franchisee. Franchisee shall, at or prior to its execution of this Agreement, provide to Franchisor the following: (a) its charter documents certified to be true and correct by the appropriate official of the jurisdiction in which it is incorporated, "good standing" certificate as to Franchisee from said appropriate official; (b) a listing of owners indicating ownership interest with a certificate from each stating that such owner has no interest in any competitive business; and (c) a certificate of incumbency of officers, directors and/or managers (as applicable) and resolutions authorizing the execution of this Agreement, certified to be true and correct by the secretary or manager (as applicable) of Franchisee. Each beneficial holder of ten percent (10%) or more of the issued and outstanding ownership interests of Franchisee (and any individual holder of ten percent (10%) or more of the issued and outstanding ownership interests of any such holder, if an entity) shall execute a personal

guaranty in substantially the form attached hereto as Exhibit D, pursuant to which such holder shall absolutely and unconditionally guarantee the performance by Franchisee of all of its obligations to Franchisor and its affiliates. No additional voting or ownership interests of Franchisee shall be issued without Franchisor's written consent.

14.10. Miscellaneous. As used in this Agreement and when required by context, each number (singular or plural) includes all numbers, each gender includes all genders and the word "it" includes the appropriate pronoun as the context requires.

14.11. Headings. The headings and subheadings contained in this Agreement are for convenience of reference only, are not to be considered a part of this Agreement and shall not limit or otherwise affect in any way the meaning or interpretation of this Agreement.

14.12. Force Majeure. Neither Franchisor nor Franchisee shall be liable for loss or damage or deemed to be in breach of this Agreement other than the failure to pay money, if the failure to perform its obligations results solely from the following causes beyond its reasonable control, specifically: (a) transportation shortages or inadequate supply of equipment, merchandise, supplies, labor, material, or energy; (b) compliance with any applicable law; or (c) war, strikes, acts of terrorism, natural disasters, or acts of God. Any delay resulting from any of said causes shall extend performance accordingly or excuse performance, in whole or in part, as may be reasonable, except that said causes shall not excuse payments of amounts owed to Franchisor for any reason.

14.13. Severability. If any provision of this Agreement or any other agreement entered into pursuant to this Agreement is contrary to, prohibited by or deemed invalid under applicable law or regulation, such provisions shall be inapplicable and deemed omitted to the extent so contrary, prohibited or invalid, but the remainder of this Agreement shall not be invalidated thereby and shall be given full force and effect so far as possible. If any provision of this Agreement may be construed in two or more ways, one of which would render the provision invalid or otherwise voidable or unenforceable and another of which would render the provision valid and enforceable, such provision shall have the meaning which renders it valid and enforceable.

14.14. No Right to Withhold Payments. Franchisee agrees that Franchisee will not, on grounds of an alleged non-performance by Franchisor of any of its obligations or any other reason, withhold payment of any amounts due whatsoever. No endorsement or statement on any check or payment of any sum less than the full sum due to Franchisor shall be construed as an acknowledgment of a payment in full or an accord and a satisfaction, and Franchisor may accept and cash such check or payment without prejudice to Franchisor's right to recover the balance due or pursue any other remedy provided herein or by law. Franchisor may apply any payments made by Franchisee against any past due indebtedness of Franchisee as it may see fit. Franchisor may set off against any sums payable to Franchisee hereunder any unpaid debts to Franchisor.

14.15. Right to Sign this Agreement on Different Terms. Franchisee acknowledges and agrees that Franchisor may have in the past and may in the future enter into franchise agreements with other franchisees on terms and conditions materially different from the terms set forth herein.

14.16. Third Parties. Except as provided in this Agreement to the contrary with respect to any affiliates of Franchisor, nothing in this Agreement, whether express or implied, is intended to confer any rights or remedies under or by reason of this Agreement on any persons (including other franchisees) other than the parties and their respective personal representatives, other legal representatives, heirs, successors and permitted assigns. Further, nothing in this Agreement is intended to relieve or discharge

the obligation or liability of any third parties to any party to this Agreement, nor shall any provision give any third persons any right of subrogation or action over or against any party to this Agreement.

14.17. Security Interest. As security for all monetary and other obligations of Franchisee to Franchisor or its affiliates from time to time owing by Franchisee to Franchisor, Franchisee grants to Franchisor a first priority security interest in all assets of Franchisee, including all furniture, fixtures, machinery, Equipment, inventory and all other property, (tangible or intangible), now owned or later acquired by Franchisee used in connection with the Franchised Business and wheresoever located as well as all contractual and related rights of Franchisee under this Agreement and all other agreements between the parties. Franchisee agrees to execute such financing statements, continuation statements, notices of lien, assignments or other documents as may be required in order to perfect and maintain Franchisor's security interest. Franchisee shall pay all filing fees and costs for perfecting Franchisor's security interest.

14.18. No Reliance. Except as expressly provided to the contrary in this Agreement, Franchisor makes no representations, warranties or guarantees upon which Franchisee may rely, and assumes no liability or obligation to Franchisee, by providing any waiver, approval, consent or suggestion to Franchisee in connection with this Agreement or by reason of any neglect, delay or denial or any request therefore unless such conduct would otherwise constitute a breach of an express obligation of Franchisor under this Agreement.

14.19. Acknowledgment of Risk. Franchisee acknowledges and agrees to the following:

14.19.1. THE SUCCESS OF FRANCHISEE IN OWNING AND OPERATING THE FRANCHISED BUSINESS IS SPECULATIVE AND WILL DEPEND ON MANY FACTORS INCLUDING, TO A LARGE EXTENT, ON FRANCHISEE'S BUSINESS ABILITIES. NO REPRESENTATIONS OR PROMISES, EXPRESS OR IMPLIED, HAVE BEEN MADE BY FRANCHISOR OR ANY EMPLOYEE, BROKER OR REPRESENTATIVE OF FRANCHISOR, TO INDUCE FRANCHISEE TO ENTER INTO THIS AGREEMENT OR ANY RELATED AGREEMENT EXCEPT AS SPECIFICALLY INCLUDED IN THIS AGREEMENT OR SUCH RELATED AGREEMENTS. NO EMPLOYEE, OFFICER, DIRECTOR, BROKER OR REPRESENTATIVE OF FRANCHISOR IS AUTHORIZED TO DO OTHERWISE.

14.19.2. FRANCHISEE ACKNOWLEDGES THAT IN ALL OF ITS DEALINGS WITH FRANCHISOR, ITS EMPLOYEES, BROKERS (IF ANY), AND OTHER REPRESENTATIVES ACT ONLY IN A REPRESENTATIVE CAPACITY AND NOT IN AN INDIVIDUAL CAPACITY. FRANCHISEE FURTHER ACKNOWLEDGES THAT THIS AGREEMENT, AND ALL BUSINESS DEALINGS BETWEEN FRANCHISEE AND SUCH INDIVIDUALS AS A RESULT OF THIS AGREEMENT, ARE SOLELY BETWEEN FRANCHISEE AND FRANCHISOR.

14.19.3. FRANCHISOR MAKES NO WARRANTY AS TO FRANCHISEE'S ABILITY TO OPERATE THE FRANCHISED BUSINESS IN THE JURISDICTION IN WHICH THE FRANCHISED BUSINESS IS TO BE OPERATED. IT IS INCUMBENT UPON FRANCHISEE TO SEEK OR OBTAIN ADVICE OF COUNSEL SPECIFICALLY WITH RESPECT TO THIS ISSUE. IN THE EVENT THAT LEGISLATION ENACTED BY, OR REGULATION OF, ANY GOVERNMENTAL BODY PREVENTS FRANCHISEE FROM OPERATING THE FRANCHISED BUSINESS, FRANCHISOR SHALL NOT BE LIABLE FOR DAMAGES NOR BE REQUIRED TO INDEMNIFY FRANCHISEE IN ANY MANNER WHATSOEVER OR TO RETURN ANY MONIES RECEIVED FROM FRANCHISEE.

14.20. RELEASE OF PRIOR CLAIMS. BY EXECUTING THIS AGREEMENT, FRANCHISEE AND THE OWNERS FOREVER RELEASE AND DISCHARGE FRANCHISOR AND ITS AFFILIATES, ITS DESIGNEES, FRANCHISE SALES BROKERS, IF ANY, OR OTHER AGENTS, AND THEIR RESPECTIVE OFFICERS, DIRECTORS, REPRESENTATIVES, EMPLOYEES AND AGENTS, FROM ANY AND ALL CLAIMS OF ANY KIND, IN LAW OR IN EQUITY, WHICH MAY EXIST AS OF THE DATE OF THIS AGREEMENT RELATING TO, IN CONNECTION WITH, OR ARISING UNDER THIS AGREEMENT OR ANY OTHER AGREEMENT BETWEEN THE PARTIES, OR RELATING IN ANY OTHER WAY TO THE OPERATION OF THE FRANCHISED BUSINESS OR TO THE CONDUCT OF FRANCHISOR, ITS AFFILIATES, ITS DESIGNEES, FRANCHISE SALES BROKERS, IF ANY, OR OTHER AGENTS, AND THEIR RESPECTIVE OFFICERS, DIRECTORS, REPRESENTATIVES, EMPLOYEES AND AGENTS PRIOR TO THE DATE OF THIS AGREEMENT. PROVIDED THAT THERE SHALL BE SPECIFICALLY EXCLUDED FROM THIS RELEASE ANY CLAIMS THAT THE FRANCHISEE OR THE OWNERS MAY HAVE UNDER ANY FRANCHISE LAW APPLICABLE IN THE JURISDICTION IN WHICH THE FRANCHISED BUSINESS IS LOCATED.

14.21. Modification of the System. FRANCHISEE RECOGNIZES AND AGREES THAT FROM TIME TO TIME AFTER THE DATE OF THIS AGREEMENT FRANCHISOR MAY CHANGE OR MODIFY ITS FRANCHISE SYSTEM OF OPERATION. FRANCHISEE AGREES TO ACCEPT AND BE BOUND BY, ANY SUCH CHANGES IN THE SYSTEM AS IF THEY WERE PART OF THIS AGREEMENT AT THE TIME OF EXECUTION OF THIS AGREEMENT. FRANCHISEE WILL MAKE SUCH EXPENDITURES AND SUCH CHANGES OR MODIFICATIONS OF THE SYSTEM AS FRANCHISOR MAY REASONABLY REQUIRE.

14.22. Remedies Cumulative. Except as otherwise expressly provided in this Agreement, no remedy in this Agreement conferred upon any party is intended to be exclusive of any other remedy. Each and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Agreement or now or later existing at law or in equity or by statute or otherwise. No single or partial exercise by any party of any right, power or remedy under this Agreement shall preclude any other or further exercise of such right, power or remedy.

14.23. Interpretation. The parties acknowledge that they have been or have had the opportunity to have been represented by their own counsel throughout the negotiations and at the execution of this Agreement and all of the other documents executed incidental to this Agreement and, therefore, none of the parties shall, while this Agreement is effective or after its termination, claim or assert that any provisions of this Agreement or any of the other documents should be construed against the drafter of this Agreement or any of the other documents.

14.24. Counterparts. This Agreement may be executed in one or more counterparts, including electronically transmitted counterparts, each of which shall be deemed an original, but all such counterparts together shall constitute but one and the same agreement.

14.25. Waiver of Punitive Damages Claims. THE PARTIES MUTUALLY AND WILLINGLY WAIVE TO THE FULLEST EXTENT PERMITTED BY LAW, ANY RIGHT TO OR CLAIM FOR ANY PUNITIVE OR EXEMPLARY DAMAGES AGAINST THE OTHER AND AGREE THAT IN THE EVENT OF A DISPUTE BETWEEN THEM, OTHER THAN THE LIQUIDATED DAMAGES DESCRIBED IN SECTION 12.7, EACH SHALL BE LIMITED TO THE RECOVERY OF ACTUAL DAMAGES SUSTAINED BY IT.

14.26. Waiver of Jury Trial. THE PARTIES MUTUALLY AND WILLINGLY WAIVE THE RIGHT TO A TRIAL BY JURY OF ANY AND ALL CLAIMS MADE BETWEEN THEM WHETHER

NOW EXISTING OR ARISING IN THE FUTURE, INCLUDING ANY AND ALL CLAIMS, DEFENSES, COUNTERCLAIMS, CROSS CLAIMS, THIRD PARTY CLAIMS AND INTERVENOR'S CLAIMS WHETHER ARISING FROM OR RELATED TO THE SALE, NEGOTIATION, EXECUTION, OR PERFORMANCE OF THE TRANSACTIONS TO WHICH THIS AGREEMENT RELATES.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, Franchisee, the Owners and Franchisor have executed this Agreement on the date set forth above.

FRANCHISOR:

MMI-JS, LLC dba Retail Channel Partners
a Delaware limited liability company

By: _____
Name: _____
Title: _____

FRANCHISEE:

By: _____
Name: _____
Title: _____

OWNERS:

Print Name: _____

Address: _____

Print Name: _____

Address: _____

Print Name: _____

Address: _____

Print Name: _____

Address: _____

EXHIBIT A TO FRANCHISE AGREEMENT

FRANCHISE PREMISES

[to be provided]



EXHIBIT B TO FRANCHISE AGREEMENT

TRADE NAME AND MARKS

Franchisee has the right to use the following Trade Name in accordance with the terms of this Agreement

ZAGG

Franchisee has the right to use the following Marks in accordance with the terms of this Agreement:

Mark	Registration Number	Registration Date	Intl. Class	Register
INVISIBLE SHIELD	3825458	7/27/2010	009, 014, 028	Principal
ZAGG	3838237	8/24/2010	009, 014, 028	Principal
INVISIBLE SHIELD	4140986	5/15/2012	009, 014, 028	Principal
ZAGG	4137585	5/8/2012	009, 014, 028	Principal
ZAGG	4258130	12/11/2012	009	Principal
	4634052	11/04/2014	009	Principal
mophie	5064963	10/18/2016	009	Principal
	4318944	4/9/2013	009	Principal


Mark
INVISIBLESHIELD

InvisibleShield by ZAGG

EXHIBIT C TO FRANCHISE AGREEMENT

FRANCHISE FEE DETAIL AND COMMENCEMENT OF OPERATIONS

PART I – FRANCHISE FEE

License Fee: \$ _____
Initial Equipment and Marketing Fee: \$ _____
Total Franchise Fee: \$ _____

PART II – COMMENCEMENT OF OPERATIONS

Deadline to commence operations of Franchised Business: _____, 20__

* * * * *

EXHIBIT D TO FRANCHISE AGREEMENT

PERSONAL GUARANTY

In consideration of the execution of the Franchise Agreement (the “Agreement”) between MMI-JS, LLC dba Retail Channel Partners (“Franchisor”) and _____ (“Franchisee”), dated _____ and for other good and valuable consideration, each of the undersigned, for themselves, their heirs, executors and administrators, do jointly and severally hereby become surety and guarantor for payment, observance and performance to Franchisor of all present and future obligations of any nature or kind owing by Franchisee to Franchisor or any of its affiliates, whether direct or indirect, absolute or contingent, matured or unmatured, extended or renewed, wherever and however incurred, and whether Franchisee is bound alone or with others and whether as principal or as surety, including without limitation the obligations of Franchisee under the Agreement (such obligations being hereinafter called the “Obligations”). This Personal Guaranty is a continuing guarantee of all the Obligations. Franchisor shall not be bound to exercise or exhaust its recourse against Franchisee or any other person, or against any other guarantees or any security it may at any time hold, before being entitled to full payment, observance and performance from any of the undersigned of the Obligations. The liability of the undersigned to make payment, observance and performance of the Obligations under this Personal Guaranty shall arise upon Franchisor making demand in writing of any of the undersigned, and such demand shall be deemed to have been effectually made when an envelope containing such demand addressed to any of the undersigned at his address last known to Franchisor is posted, postage prepaid

Further, each of the undersigned, jointly and severally, hereby agree to be personally bound by each and every condition and term contained in the Agreement, including but not limited to the non-compete and non-disclosure provisions in Article VIII of the Agreement, and agree that this Personal Guaranty will be construed as though the undersigned and each of them executed an agreement containing the identical terms and conditions of the Agreement.

The undersigned waive: (1) notice of demand for payment of any indebtedness or non-performance of any of the Obligations; (2) protest and notice of default to any party respecting the indebtedness or non-performance of any of the Obligations; (3) any right the undersigned may have to require that an action be brought against Franchisee or any other person as a condition of liability; and (4) notice of any changes permitted by the terms of the Agreement or agreed to by Franchisee or under any other agreement between Franchisee and Franchisor or any of its affiliates.

In addition, the undersigned consent and agree that: (1) the undersigned’s liability will not be contingent or conditioned upon Franchisor’s pursuit of any remedies against Franchisee or any other person; (2) the undersigned’s liability will not be diminished, relieved or otherwise affected by Franchisee’s insolvency, bankruptcy or reorganization, the invalidity, illegality or unenforceability of all or any part of the Agreement or any other agreement between Franchisee and Franchisor or any of its affiliates, or the amendment or extension of any such agreements with or without notice to the undersigned or by the death of one of the undersigned; and (3) this Personal Guaranty shall apply to all modifications to such agreements of any nature agreed to by Franchisee with or without the undersigned receiving notice thereof.

It is further understood and agreed by the undersigned that the provisions, covenants and conditions of this Personal Guaranty will inure to the benefit of Franchisor’s administrators, successors and assigns.

Signature Date

Printed Name

Address: _____

Telephone: _____

Signature Date

Printed Name

Address: _____

Telephone: _____

Signature Date

Printed Name

Address: _____

Telephone: _____

Signature Date

Printed Name

Address: _____

Telephone: _____

EXHIBIT F
PERSONAL GUARANTY

PERSONAL GUARANTY

In consideration of the execution of the Franchise Agreement (the “Agreement”) between MMI-JS, LLC dba Retail Channel Partners (“Franchisor”) and _____ (“Franchisee”), dated _____ and for other good and valuable consideration, each of the undersigned, for themselves, their heirs, executors and administrators, do jointly and severally hereby become surety and guarantor for payment, observance and performance to Franchisor of all present and future obligations of any nature or kind owing by Franchisee to Franchisor or any of its affiliates, whether direct or indirect, absolute or contingent, matured or unmatured, extended or renewed, wherever and however incurred, and whether Franchisee is bound alone or with others and whether as principal or as surety, including without limitation the obligations of Franchisee under the Agreement (such obligations being hereinafter called the “Obligations”). This Personal Guaranty is a continuing guarantee of all the Obligations. Franchisor shall not be bound to exercise or exhaust its recourse against Franchisee or any other person, or against any other guarantees or any security it may at any time hold, before being entitled to full payment, observance and performance from any of the undersigned of the Obligations. The liability of the undersigned to make payment, observance and performance of the Obligations under this Personal Guaranty shall arise upon Franchisor making demand in writing of any of the undersigned, and such demand shall be deemed to have been effectually made when an envelope containing such demand addressed to any of the undersigned at his address last known to Franchisor is posted, postage prepaid

Further, each of the undersigned, jointly and severally, hereby agree to be personally bound by each and every condition and term contained in the Agreement, including but not limited to the non-compete and non-disclosure provisions in Article VIII of the Agreement, and agree that this Personal Guaranty will be construed as though the undersigned and each of them executed an agreement containing the identical terms and conditions of the Agreement.

The undersigned waive: (1) notice of demand for payment of any indebtedness or non-performance of any of the Obligations; (2) protest and notice of default to any party respecting the indebtedness or non-performance of any of the Obligations; (3) any right the undersigned may have to require that an action be brought against Franchisee or any other person as a condition of liability; and (4) notice of any changes permitted by the terms of the Agreement or agreed to by Franchisee or under any other agreement between Franchisee and Franchisor or any of its affiliates.

In addition, the undersigned consent and agree that: (1) the undersigned’s liability will not be contingent or conditioned upon Franchisor’s pursuit of any remedies against Franchisee or any other person; (2) the undersigned’s liability will not be diminished, relieved or otherwise affected by Franchisee’s insolvency, bankruptcy or reorganization, the invalidity, illegality or unenforceability of all or any part of the Agreement or any other agreement between Franchisee and Franchisor or any of its affiliates, or the amendment or extension of any such agreements with or without notice to the undersigned or by the death of one of the undersigned; and (3) this Personal Guaranty shall apply to all modifications to such agreements of any nature agreed to by Franchisee with or without the undersigned receiving notice thereof.

It is further understood and agreed by the undersigned that the provisions, covenants and conditions of this Personal Guaranty will inure to the benefit of Franchisor's administrators, successors and assigns.

Signature Date

Signature Date

Printed Name

Printed Name

Address: _____

Address: _____

Telephone: _____

Telephone: _____

Signature Date

Signature Date

Printed Name

Printed Name

Address: _____

Address: _____

Telephone: _____

Telephone: _____

EXHIBIT E
LIST OF STATE FRANCHISE ADMINISTRATORS

<p>CALIFORNIA Commissioner of Financial Protection and Innovation Department of Financial Protection and Innovation 2101 Arena Boulevard Sacramento, CA 95834 (916) 445-7205 (866)275-2677</p>	<p>NORTH DAKOTA Franchise Division Office of Securities Commission 600 East Boulevard, 5th Floor Bismarck, ND 58505 (701) 328-2910</p>	<p>WASHINGTON The Department of Financial Institutions Securities Division P.O. Box 9033 Olympia, WA 98507-9033 Voice: (360) 902-8760</p>
<p>MINNESOTA Minnesota Department of Commerce Securities & Registration Division 85 7th Place East, Suite 280 St. Paul, Minnesota 55101-2198 www.commerce.state.mn.us (651)539-1500</p>	<p>SOUTH DAKOTA Division of Insurance Securities Regulation 124 S. Euclid, Suite 104 Pierre, SD 57501 (605) 773-3563</p>	<p>INDIANA Indiana Office of Attorney General Consumer Protection Division 302 West Washington Street IGCS 5th Floor Indianapolis, IN 46204 (317) 232-6330</p>
<p>ILLINOIS Attorney General of the State of Illinois 500 South Second Street Springfield, IL 62706 (217) 782-4465</p>	<p>MICHIGAN Consumer Protection Division Franchise Section P.O. Box 30213 Lansing, MI 48909 (517) 335-7567</p>	<p>WISCONSIN Franchise Office Wisconsin Securities Commission P.O. Box 1768 Madison, WI 53701 (608) 266-3364</p>
<p>NEW YORK NYS Department of Law Investor Protection Bureau 28 Liberty St. 21st Floor New York, NY 10005 (212) 416-8222</p>	<p>VIRGINIA State Corporation Commission Division of Securities and Retail Franchising 1300 E. Main Street, 9th Floor Richmond, VA 23219 (804) 371-9276</p>	<p>MARYLAND Securities Commissioner Division of Securities State Law Department 200 St. Paul Place, 20th Floor Baltimore, MD 21202 (410) 576-6360</p>
<p>RHODE ISLAND State of Rhode Island Department of Business Regulation-Securities Division 1511 Pontiac Avenue Building 69-1 Cranston, RI 02920 (401) 462-9582</p>	<p>HAWAII Department of Commerce and Consumer Affairs Business Registration Division P.O. Box 40 Honolulu, HI 96813 (808) 586-2722</p>	<p>OREGON Corporate Securities Section Department of Insurance & Finance Labor & Industries Building Salem, OR 97310 (503) 378-4387</p>

EXHIBIT F
STATE DISCLOSURES AND RIDERS

CALIFORNIA ADDENDUM TO FRANCHISE AGREEMENT

The California Department of Financial Protection and Innovation requires that certain provisions contained in franchise documents be amended to be consistent with California law, including the California Franchise Investment Law, CAL. BUS. & PROF. CODE Section 31000 et seq., and the California Franchise Relations Act, CAL. BUS. & PROF. CODE Section 20000 et seq. Notwithstanding anything to the contrary set forth in the Franchise Agreement, the following provisions shall supersede and apply to all franchises offered and sold in the State of California:

1. California Business and Professions Code Sections 20000 through 20043 provide rights to the franchisee concerning termination or non-renewal of a franchise. If the Franchise Agreement contains a provision that is inconsistent with the law, the law will control.

2. A provision for termination upon bankruptcy may not be enforceable under federal bankruptcy law (11 U.S.C.A. Sec. 101 et seq.).

3. A covenant not to compete which extends beyond the termination of the franchise may not be enforceable under California law.

4. Under California Civil Code Section 1671, certain liquidated damages clauses are unenforceable.

5. The Franchise Agreement requires venue to be limited to courts of record of either the State of Ohio in Cuyahoga County or the District Court of the United States, District of Ohio. This provision may not be enforceable under California law.

6. The Franchise Agreement requires binding arbitration. The arbitration will occur at Cleveland, Ohio, with the costs being borne by the non-prevailing party. Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of a Franchise Agreement restricting venue to a forum outside the State of California.

7. The Franchise Agreement requires application of the laws of Ohio. This provision may not be enforceable under California law.

8. Any provision of a franchise agreement, franchise disclosure document, acknowledgement, questionnaire, or other writing, including any exhibit thereto, disclaiming or denying any of the following shall be deemed contrary to public policy and shall be void and unenforceable:

- a. Representations made by the franchisor or its personnel or agents to a prospective franchisee.
- b. Reliance by a franchisee on any representations made by the franchisor or its personnel or agents.
- c. Reliance by a franchisee on the franchise disclosure document, including any exhibit thereto.
- d. Violations of any provision of this division

9. Personal Guaranty: Franchisees must sign a personal guaranty, making you and your spouse individually liable for your financial obligations under the agreement if you are married. The

guaranty will place your and your spouse's marital and personal assets at risk, perhaps including your house, if your franchise fails.

10. Company Website: <https://www.zagg.com/>

FRANCHISEE:

[_____] ,
a [_____]

By: _____
Name: _____
Title: _____

Executed on: _____

FRANCHISOR:

MMI-JS, LLC
a Delaware limited liability company

By: _____
Name: _____
Title: _____

ILLINOIS ADDENDUM TO FRANCHISE AGREEMENT

Illinois Law shall apply to and govern the Franchise Agreement.

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

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

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

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

FRANCHISEE:

[_____] ,
a [_____]

FRANCHISOR:

MMI-JS, LLC
a Delaware limited liability company

By: _____
Name: _____
Title: _____

By: _____
Name: _____
Title: _____

Executed on: _____

INDIANA ADDENDUM TO FRANCHISE AGREEMENT

1. The Release provision must comply with Indiana Code 23-2-2.7-1(5).
2. Under Indiana Code 23-2-2.7-1(10), the Franchisor may not be entitled to injunction without bond.
3. Any limitation on the amount of damages that may be awarded to the Franchisee pursuant to the settlement of any dispute arising out of the Franchise Agreement is a “limit on litigation” under IC 23-2-2.7-1(10).
4. Under IC 23-2-2.7-1(10), the Indiana franchisee must be allowed access to Indiana courts and may not be required to consent to the jurisdiction and venue of the courts in any other state.
5. Any waiver of the Franchisee’s “right to trial by jury” is prohibited under IC 23-2-2.7-1(10).

It is the opinion of the Indiana Securities Commissioner that the contractual provision stated above may be unenforceable pursuant to Section 23-2-2.7-1(10) of the Indiana Code.

We agree pursuant to IC 23-2-2.7-1(2), we will not compete unfairly with you within a reasonable area of your franchised location.

FRANCHISEE:

[_____] ,
a [_____]

FRANCHISOR:

MMI-JS, LLC
a Delaware limited liability company

By: _____
Name: _____
Title: _____

By: _____
Name: _____
Title: _____

Executed on: _____

MARYLAND ADDENDUM TO FRANCHISE AGREEMENT

Notwithstanding anything to the contrary set forth in the Franchise Agreement, the following provisions shall supersede and apply to all franchises offered and sold in the State of Maryland:

1. All representations requiring prospective franchisees to assent to a release, estoppel or waiver of liability are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

2. Notwithstanding any provisions of the Franchise Agreement to the contrary, claims brought under the Maryland Franchise Registration and Disclosure Law may be brought in Maryland.

3. Pursuant to the Code of Maryland Regulations 02.02.08.16L, a general release required as a condition of renewal, sale, and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

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

5. Any provision which provides for termination upon bankruptcy of the franchisee may not be enforceable under federal bankruptcy law (11 U.S.C. Section 101 et seq.).

6. Franchisee’s payment of the initial fees required under Section 3.1 and 3.2 of the Franchise Agreement shall be deferred pending franchisor’s satisfaction of all of its pre-opening obligations to franchisee under the Franchise Agreement.

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

FRANCHISEE:

[_____] ,
a [_____]

FRANCHISOR:

MMI-JS, LLC
a Delaware limited liability company

By: _____
Name: _____
Title: _____

By: _____
Name: _____
Title: _____

Executed on: _____

MINNESOTA ADDENDUM TO FRANCHISE AGREEMENT

1. Whenever the provisions of this addendum conflict with the provisions contained elsewhere in the Franchise Agreement or the disclosure document, the provisions of this addendum shall prevail to the extent of such conflict.

2. Minnesota Statutes, Section 80C.21 and Minnesota Rules 2860.4400(J) prohibit the franchisor from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring the franchisee to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Franchise Disclosure Document or agreement(s) can abrogate or reduce (1) any of the franchisee’s rights as provided for in Minnesota Statutes, Chapter 80C or (2) franchisee’s rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.

3. With respect to franchises governed by Minnesota law, the franchisor will comply with Minnesota Statutes, Section 80C.14, Subd. 3-5, which require (except in certain specified cases) (1) that a franchisee be given 90 days notice of termination (with 60 days to cure) and 180 days notice for non-renewal of the Franchise Agreement and (2) that consent to the transfer of the franchise will not be unreasonably withheld.

4. The franchisor will protect the franchisee’s rights to use the trademarks, service marks, trade names, logotypes or other commercial symbols or indemnify the franchisee from any loss, costs or expenses arising out of any claim, suit or demand regarding the use of the name. Minnesota considers it unfair to not protect the franchisee’s right to use the trademarks. Refer to Minnesota Statutes, Section 80C.12, Subd. 1(g).

5. Minnesota Rules 2860.4400(D) prohibits a franchisor from requiring a franchisee to assent to a general release.

6. The franchisee cannot consent to the franchisor obtaining injunctive relief. The franchisor may seek injunctive relief. See Minn. Rules 2860.4400J. Also, a court will determine if a bond is required.

7. The Limitations of Claims section must comply with Minnesota Statutes, Section 80C.17, Subd. 5.

FRANCHISEE:

[_____] ,
a [_____]

FRANCHISOR:

MMI-JS, LLC
a Delaware limited liability company

By: _____
Name: _____
Title: _____

By: _____
Name: _____
Title: _____

Executed on: _____

NORTH DAKOTA ADDENDUM TO FRANCHISE AGREEMENT

Notwithstanding anything to the contrary set forth in the Franchise Agreement, the following provisions shall supersede and apply to all franchises offered and sold in the State of North Dakota:

1. Covenants restricting competition in the State of North Dakota may be subject to Section 9-08-06 of the North Dakota Century Code.

2. The laws of the State of North Dakota supersede any provisions of the Franchise Agreement, the other agreements, or Ohio law if such provisions are in conflict with North Dakota law.

3. Any provision in the Franchise Agreement which designates jurisdiction or venue for any legal action, including arbitration or mediation, or requires the franchisee to agree to jurisdiction or venue for any legal action, including arbitration or mediation, in a forum outside of North Dakota is deleted from the Franchise Agreement.

4. Any provision in the Franchise Agreement which requires you to waive your right to a trial by jury is deleted from the Franchise Agreement.

5. No release language contained in the Franchise Agreement shall relieve the franchisor or any other person, directly or indirectly, from liability imposed by the laws concerning franchising of the State of North Dakota.

6. Any provision in the Franchise Agreement which requires you to consent to termination or liquidated damages is deleted from the Franchise Agreement.

7. Any provision in the Franchise Agreement which requires you to waive your right to seek exemplary or punitive damages is deleted from the Franchise Agreement.

FRANCHISEE:

[_____] ,
a [_____]

FRANCHISOR:

MMI-JS, LLC
a Delaware limited liability company

By: _____
Name: _____
Title: _____

By: _____
Name: _____
Title: _____

Executed on: _____

RHODE ISLAND ADDENDUM TO FRANCHISE AGREEMENT

Notwithstanding anything to the contrary set forth in the Franchise Agreement, the following provisions shall supersede and apply to all franchises offered and sold in the State of Rhode Island:

Section 19-28.1.-14 of the Rhode Island Franchise Investment Act, as amended by laws of 1993, provides that “a provision in a franchise agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this Act.”

FRANCHISEE:

[_____] ,
a [_____]

FRANCHISOR:

MMI-JS, LLC
a Delaware limited liability company

By: _____
Name: _____
Title: _____

By: _____
Name: _____
Title: _____

Executed on: _____

WASHINGTON ADDENDUM TO FRANCHISE AGREEMENT

1. The State of Washington has a statute, RCW 19.100.180 which may supersede the Franchise Agreement in your relationship with the franchisor including the area of termination and renewal of your franchise. There may also be court decisions which may supersede the Franchise Agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.

2. In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the franchise agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.

3. In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW shall prevail.

4. A release or waiver of rights executed by a franchisee may not include rights under the Washington Franchise Investment Protection Act or any rule or order thereunder except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.

5. Transfer fees are collectable to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.

6. Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee's earnings from the party seeking enforcement, when annualized, exceed \$100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed \$250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provisions contained in the franchise agreement or elsewhere that conflict with these limitations are void and unenforceable in Washington.

7. RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in the franchise agreement or elsewhere are void and unenforceable in Washington.

8. Franchisor will defer collection of the initial franchise fees until the franchisor has fulfilled its initial pre-opening obligations to the franchisee and the franchisee is open for business.

FRANCHISEE:

[_____] ,
a [_____]

FRANCHISOR:

MMI-JS, LLC
a Delaware limited liability company

By: _____
Name: _____
Title: _____

By: _____
Name: _____
Title: _____

Executed on: _____

**Addendum to Disclosure Document
Pursuant to the California Franchise Investment Law**

OUR WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION. ANY COMPLAINTS CONCERNING THE CONTENTS OF OUR WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION AT www.dfpi.ca.gov.

Registration does not constitute approval, recommendation, or endorsement by the commissioner.

Notwithstanding anything to the contrary set forth in the Disclosure Document, the following provisions will supersede and apply to all franchises offered and sold in the State of California:

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

2. THE FRANCHISE AGREEMENT CONTAINS PROVISIONS THAT LIMIT FRANCHISEE'S RIGHTS AND MAY NOT BE ENFORCEABLE IN CALIFORNIA INCLUDING BUT NOT LIMITED TO A TIME LIMIT TO RAISE CLAIMS AGAINST THE FRANCHISOR, LIMITATION OF DAMAGES AND WAIVER OF JURY TRIAL.

3. California Business and Professions Code Sections 20000 through 20043 provide rights to the franchisee concerning termination, transfer, or non-renewal of a franchise. If the Franchise Agreement contains a provision that is inconsistent with the law, the law will control.

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

5. The Franchise Agreement contains a covenant not to compete which extends beyond the termination of the franchise. This provision may not be enforceable under California law.

6. The Franchise Agreement contains a liquidated damages clause. Under California Civil Code Section 1671, certain liquidated damages clauses are unenforceable.

7. The Franchise Agreement requires venue to be limited to courts of record of either the State of Ohio in Cuyahoga County or the District Court of the United States, District of Ohio. This provision may not be enforceable under California law.

8. The Franchise Agreement requires binding arbitration. The arbitration will occur in Cuyahoga County, Ohio, with the costs being borne by the non-prevailing party. Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of a Franchise Agreement restricting venue to a forum outside the State of California.

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

10. California Corporations Code, Section 31125 requires us to give you a disclosure document, approved by the Department of Financial Protection and Innovation before we ask you to consider a material modification to your Franchise Agreement.

11. The Franchise Agreement requires application of the laws of Ohio. This provision may not be enforceable under California law.

12. Neither the franchisor nor any person disclosed on Item 2 of the Disclosure Document is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, suspending or expelling such persons from membership in such association or exchange.

**Addendum to Disclosure Document
Pursuant to the Hawaii Franchise Investment Law**

1. THE GENERAL RELEASE LANGUAGE CONTAINED IN THE FRANCHISE AGREEMENT SHALL NOT RELIEVE FRANCHISOR OR ANY OTHER PERSON, DIRECTLY OR INDIRECTLY, FROM LIABILITY IMPOSED BY THE LAWS CONCERNING FRANCHISING OF THE STATE OF HAWAII.

2. THESE FRANCHISES HAVE BEEN FILED UNDER THE FRANCHISE INVESTMENT LAW OF THE STATE OF HAWAII. FILING DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE DIRECTOR OF COMMERCE AND CONSUMER AFFAIRS OR A FINDING BY THE DIRECTOR OF COMMERCE AND CONSUMER AFFAIRS THAT THE INFORMATION PROVIDED HEREIN IS TRUE, COMPLETE AND NOT MISLEADING.

3. THE FRANCHISE INVESTMENT LAW MAKES IT UNLAWFUL TO OFFER OR SELL ANY FRANCHISE IN THIS STATE WITHOUT FIRST PROVIDING TO THE PROSPECTIVE FRANCHISEE, OR SUBFRANCHISOR, AT LEAST SEVEN DAYS PRIOR TO THE EXECUTION BY THE PROSPECTIVE FRANCHISEE, OF ANY BINDING AGREEMENT, OR AT LEAST SEVEN DAYS PRIOR TO THE PAYMENT OF ANY CONSIDERATION BY THE FRANCHISEE, OR SUBFRANCHISOR, WHICHEVER OCCURS FIRST, A COPY OF THE DISCLOSURE DOCUMENT, TOGETHER WITH A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE.

4. THIS DISCLOSURE DOCUMENT CONTAINS A SUMMARY ONLY OF CERTAIN MATERIAL PROVISIONS OF THE FRANCHISE AGREEMENT. THE CONTRACT OR AGREEMENT SHOULD BE REFERRED TO FOR A STATEMENT OF ALL RIGHTS, CONDITIONS, RESTRICTIONS AND OBLIGATIONS OF BOTH THE FRANCHISOR AND THE FRANCHISEE.

5. (a) This proposed registration is exempt from the registration requirements of the states of Connecticut and Florida.
- (b) This proposed registration is or will shortly be on file in the states of California, Illinois, Indiana, New York, Rhode Island, Virginia, Maryland, Minnesota, North Dakota, South Dakota, Washington, Oklahoma, and Wisconsin.
- (c) No states have refused, by order or otherwise, to register these franchises.
- (d) Except as disclosed in Item 3 of this Disclosure Document, no states have revoked or suspended the right to offer these franchises.
- (e) The proposed registration of these franchises has been withdrawn in Hawaii only.

**Addendum to Disclosure Document
Pursuant to the Illinois Franchise Disclosure Act**

Notwithstanding anything to the contrary set forth in the Disclosure Document, the following provisions will supersede and apply to all franchises offered and sold in the State of Illinois:

ITEM 17 RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

1. Notice Required by Law:

THE TERMS AND CONDITIONS UNDER WHICH YOUR FRANCHISE CAN BE
TERMINATED AND YOUR RIGHTS UPON NON-RENEWAL MAY BE AFFECTED
BY ILLINOIS LAW, 815 I.L.C.S. 705/19 AND 705/20.

2. If any provisions governing termination or nonrenewal disclosed in the Disclosure Document are inconsistent with Illinois law, then Illinois law will apply.

3. The provisions of the Franchise Agreement and all other agreements concerning governing law, jurisdiction, venue, choice of law and waiver of jury trials shall not constitute a waiver of any right conferred upon franchisee by Illinois law. Illinois law will govern the Franchise Agreement with respect to Illinois franchisees and any other person under the jurisdiction of Illinois law.

4. Section 41 of the Illinois Franchise Disclosure Act states that “any condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of this Act is void.”

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

Addendum to Disclosure Document
Pursuant to the Maryland Franchise Registration and Disclosure Law

Notwithstanding anything to the contrary set forth in the Disclosure Document, the following provisions will supersede and apply to all franchises offered and sold in the State of Maryland:

1. All representations requiring prospective franchisees to assent to a release, estoppel or waiver of liability are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

2. The laws of the State of Maryland may supersede the Franchise Agreement, including the areas of termination and renewal of the franchise.

3. Claims brought under the Maryland Franchise Registration and Disclosure Law may be brought in Maryland.

4. Pursuant to the Code of Maryland Regulations 02.02.08.16L, a general release required as a condition of renewal, sale, and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

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

6. Any provision which provides for termination upon bankruptcy of the franchisee may not be enforceable under federal bankruptcy law (11 U.S.C. Section 101 et seq.).

7. Franchisee's payment of the Initial Fees described in Item 5 of the Disclosure Document shall be deferred pending franchisor's satisfaction of all of its pre-opening obligations to franchisee as described in Item 11 of the Disclosure Document.

Addendum to Disclosure Document

Pursuant to Michigan Law

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

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

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

(h) A provision that requires the franchisee to resell to the franchisor items that are not uniquely identified with the franchisor. This subdivision does not prohibit a provision that grants to a franchisor a right of first refusal to purchase the assets of a franchise on the same terms and conditions as a bona fide third party willing and able to purchase those assets, nor does this subdivision prohibit a provision that grants the franchisor the right to acquire the assets of a franchise for the market or appraised value of such assets if the franchisee has breached the lawful provisions of the franchise agreement and has failed to cure the breach in the manner provided in subdivision (3).

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

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

ANY QUESTIONS REGARDING THIS NOTICE SHOULD BE DIRECTED TO:

**STATE OF MICHIGAN
DEPARTMENT OF ATTORNEY GENERAL
CONSUMER PROTECTION DIVISION
ATTN: FRANCHISE SECTION
670 LAW BUILDING
LANSING, MICHIGAN 48913
(517) 373-7117**

**Addendum to Disclosure Document
Pursuant to the Minnesota Franchise Investment Law**

Notwithstanding anything to the contrary set forth in the Disclosure Document, the following provisions will supersede and apply to all franchises offered and sold in the State of Minnesota:

1. Minnesota Statutes, Section 80C.21 and Minnesota Rules 2860.4400(J) prohibit the franchisor from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring the franchisee to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Franchise Disclosure Document or agreement(s) can abrogate or reduce (1) any of the franchisee's rights as provided for in Minnesota Statutes, Chapter 80C or (2) franchisee's rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.

2. With respect to franchises governed by Minnesota law, the franchisor will comply with Minnesota Statutes, Section 80C.14, Subd. 3-5, which require (except in certain specified cases) (1) that a franchisee be given 90 days notice of termination (with 60 days to cure) and 180 days notice for non-renewal of the Franchise Agreement and (2) that consent to the transfer of the franchise will not be unreasonably withheld.

3. The franchisor will protect the franchisee's rights to use the trademarks, service marks, trade names, logotypes or other commercial symbols or indemnify the franchisee from any loss, costs or expenses arising out of any claim, suit or demand regarding the use of the name.

Minnesota considers it unfair to not protect the franchisee's right to use the trademarks. Refer to Minnesota Statutes, Section 80C.12, Subd. 1(g).

4. Minnesota Rules 2860.4400(D) prohibits a franchisor from requiring a franchisee to assent to a general release.

5. The franchisee cannot consent to the franchisor obtaining injunctive relief. The franchisor may seek injunctive relief. See Minn. Rules 2860.4400J.

Also, a court will determine if a bond is required.

6. The Limitations of Claims section must comply with Minnesota Statutes, Section 80C.17, Subd. 5.

**Addendum to Disclosure Document
Pursuant to New York Franchise Sale Act**

Notwithstanding anything to the contrary set forth in the Disclosure Document, the following provisions will supersede and apply to all franchises offered and sold in the State of New York:

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

INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT E OR YOUR PUBLIC LIBRARY FOR SOURCES OF INFORMATION. REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT NEW YORK STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS FRANCHISE DISCLOSURE DOCUMENT. IF YOU LEARN THAT ANYTHING IN THE FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND NEW YORK STATE DEPARTMENT OF LAW, BUREAU OF INVESTOR PROTECTION AND SECURITIES, 120 BROADWAY, 23RD FLOOR, NEW YORK, NEW YORK 10271. THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE FRANCHISE DISCLOSURE DOCUMENT. HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS WHICH ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.

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

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

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

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

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

D. No such party is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under a Federal, State, or Canadian franchise, securities, antitrust, trade regulation or trade practice law, resulting from a concluded or pending action or proceeding brought by a public agency; or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association

or exchange; or is subject to a currently effective injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent.

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

Neither the franchisor, its affiliate, its predecessor, officers, or general partner during the 10-year period immediately before the date of the offering circular: (a) filed as debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code; (b) obtained a discharge of its debts under the bankruptcy code; or (c) was a principal officer of a company or a general partner in a partnership that either filed as a debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code or that obtained a discharge of its debts under the U.S. Bankruptcy Code during or within 1 year after that officer or general partner of the franchisor held this position in the company or partnership.

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

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

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

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

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

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

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

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

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

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

**Addendum to Disclosure Document
Pursuant to the North Dakota Franchise Disclosure Act**

Notwithstanding anything to the contrary set forth in the Disclosure Document or Franchise Agreement, the following provisions will supersede and apply to franchises offered and sold in the State of North Dakota:

1. Covenants restricting competition in the State of North Dakota may be subject to Section 9-08-06 of the North Dakota Century Code.

2. The laws of the State of North Dakota supersede any provisions of the Franchise Agreement, the other agreements, or Ohio law if such provisions are in conflict with North Dakota law.

3. Any provision in the Franchise Agreement which designates jurisdiction or venue for any legal action, including arbitration or mediation, or requires the franchisee to agree to jurisdiction or venue for any legal action, including arbitration or mediation, in a forum outside of North Dakota is deleted from the Franchise Agreement.

4. Any provision in the Franchise Agreement which requires you to waive your right to a trial by jury is deleted from the Franchise Agreement.

5. No release language contained in the Franchise Agreement shall relieve the franchisor or any other person, directly or indirectly, from liability imposed by the laws concerning franchising of the State of North Dakota.

6. Any provision in the Franchise Agreement which requires you to consent to termination or liquidated damages is deleted from the Franchise Agreement.

7. Any provision in the Franchise Agreement which requires you to waive your right to seek exemplary or punitive damages is deleted from the Franchise Agreement.

**Addendum to Disclosure Document
Pursuant to the Rhode Island Franchise Investment Act**

Notwithstanding anything to the contrary set forth in Item 17 or elsewhere in the Disclosure Document or Franchise Agreement, the following provisions will supersede and apply to franchises offered and sold in the State of Rhode Island:

§19-28.1.-14 of the Rhode Island Franchise Investment Act provides that “A provision in a franchise agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this Act.”

**Addendum to Disclosure Document
Pursuant to the Virginia Retail Franchising Act**

In recognition of the restrictions contained in Section 13.1-564 of the Virginia Retail Franchising Act, this Franchise Disclosure Document for use in the Commonwealth of Virginia shall be amended as follows:

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

Addendum to Disclosure Document
Pursuant to the Washington Franchise Investment Protection Act

1. The State of Washington has a statute, RCW 19.100.180 which may supersede the Franchise Agreement in your relationship with the franchisor including the area of termination and renewal of your franchise. There may also be court decisions which may supersede the Franchise Agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.

2. In any arbitration involving a franchise purchased in Washington, the arbitration or mediation site will be either in the State of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the franchise agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or in violation of the Franchise Investment Protection Act, in Washington.

3. In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW shall prevail.

4. A release or waiver of rights executed by a franchisee shall not include rights under the Washington Franchise Investment Protection Act or any rule or order thereunder except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, rights or remedies under the Act such as the right to a jury trial may not be enforceable.

5. Transfer fees are collectable to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.

6. **Use of Franchise Brokers.** The franchisor may use the services of franchise brokers to assist it in selling franchises. A franchise broker represents the franchisor and is paid a fee for referring prospects to the franchisor and/or selling the franchise. Do not rely only on the information provided by a franchise broker about a franchise. Do your own investigation by contacting the franchisor's current and former franchisees to ask them about their experience with the franchisor.

7. Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee's earnings from the party seeking enforcement, when annualized, exceed \$100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed \$250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provisions contained in the franchise agreement or elsewhere that conflict with these limitations are void and unenforceable in Washington.

8. RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in the franchise agreement or elsewhere are void and unenforceable in Washington.

9. Franchisor will defer collection of the initial franchise fees until the franchisor has fulfilled its initial pre-opening obligations to the franchisee and the franchisee is open for business.

EXHIBIT G
AGENTS FOR SERVICE OF PROCESS

<p>California Commissioner of Financial Protection and Innovation Department of Financial Protection and Innovation 2101 Arena Boulevard Sacramento, CA 95834 (916)445-7205 (866)275-2677</p>	<p>Delaware The Corporation Trust Company Corporation Trust Center 1209 Orange St. Wilmington, DE 19801</p>	<p>Hawaii Commissioner of Securities Department of Commerce and Consumer Affairs 335 Merchant Street, Room 203 Honolulu, HI 96813</p>
<p>Illinois Attorney General of the State of Illinois 500 South Second Street Springfield, IL 62706</p>	<p>Indiana Indiana Secretary of State Franchise Section Indiana Securities Division 302 West Washington Street, Room E-111 Indianapolis, IN 46204</p>	<p>Maryland Maryland Securities Commissioner 200 St. Paul Place Baltimore, MD 21202-2020</p>
<p>Michigan Michigan Department of Commerce Corporations and Securities Bureau 6586 Mercantile Way Lansing, MI 48909</p>	<p>Minnesota Minnesota Commissioner of Commerce Department of Commerce 85 7th Place East, Suite 280 St. Paul, MN 55101-2198</p>	<p>New York Secretary of State 99 Washington Avenue Albany, NY 12231</p>
<p>North Dakota Securities Commissioner Office of Securities Commission 600 East Boulevard, 5th Floor Bismarck, ND 58505</p>	<p>Rhode Island State of Rhode Island Department of Business Regulation-Securities Division 1511 Pontiac Avenue Building 69-1 Cranston, RI 02920</p>	<p>South Dakota Director of Division of Insurance Securities Regulation 124 S. Euclid, Suite 104 Pierre, SD 57501</p>
<p>Virginia Clerk of the State Corporation Commission 1300 East Main Street, 1st Floor Richmond, VA 23219</p>	<p>Washington Washington Department of Financial Institutions 150 Israel Road SW Tumwater, WA 98501</p>	<p>Wisconsin Commissioner of Securities 345 West Washington Avenue Madison, WI 53703</p>

EXHIBIT H
STANDARDS MANUAL TABLE OF CONTENTS



STANDARDS MANUAL – TABLE OF CONTENTS

Page #

1. CREATING A GREAT CONSUMER EXPERIENCE	1
THINGS YOU SHOULD KNOW AND EXPLAIN.....	6
SALES APPROACH.....	7
THE FIVE-SECOND FIRST IMPRESSION.....	9
LOOK LIKE YOU ARE IN BUSINESS PERMANENTLY	9
2. HIRING AND RETAINING GREAT SALES STAFF	11
ATTRACTING TALENTED STAFF	11
WALK THE TALK.....	12
WHERE TO FIND GOOD TALENT	12
SAMPLE INTERVIEW QUESTIONS	13
THE POST-INTERVIEW PROCESS.....	17
KEEP YOUR STAFF MOTIVATED	18
STOP, DROP, AND TRAIN	19
3. ZAGG LOOK AND FEEL.....	20
DRESS CODE	20
BUSINESS CARDS	21
SIGNAGE	22
MARKETING MATERIALS	22
4. MARKETING AND ADVERTISING.....	23
DOs AND DON'Ts.....	23
SOCIAL MEDIA GUIDE.....	24
5. INVENTORY MANAGEMENT	29
THE ORDER PROCESS	29
MAINTAINING MINIMUM LEVELS FOR YOUR SUCCESS.....	31

EXHIBIT I
TERMINATION AGREEMENT

This Franchise Termination Agreement is made and entered into as of _____, by and between _____ on the one part, hereinafter referred to as (“**Franchisee**”) and MMI-JS, LLC dba Retail Channel Partners, a Delaware Limited Liability Company, on the other part, hereinafter referred to as (“**Franchisor**”).

WHEREAS, a written agreement was entered into on _____, by Franchisee ZAGG, Inc. in order for Franchisee to obtain a Franchise to operate a retail outlet under the ZAGG name and sell products and services approved by ZAGG, Inc. in the area of _____ (the “Franchise Agreement”).

WHEREAS, effective August 31, 2020, Franchisor acquired the rights, title and interests in the Franchise Agreement.

WHEREAS, Franchisee has been in the business of operating a retail outlet under the ZAGG name and selling products and services approved by Franchisor utilizing the ZAGG name in the area of _____.

WHEREAS, Franchisee now relinquishes its franchise to engage in the business of operating a retail outlet under the ZAGG name and selling products and services approved by Franchisor utilizing the ZAGG name in the area of _____.

NOW, THEREFORE, in consideration of the mutual promises herein and other good and valuable consideration, the receipt and sufficiency whereof is hereby acknowledged, IT IS MUTUALLY AGREED as follows:

1. Franchisee does hereby assign, transfer and agree to deliver to Franchisor the materials containing Franchisee’s trademarks, and supplies used in the operations under the Franchise Agreement, and Franchisee shall perform all reasonable acts to complete such deliveries requested by Franchisor.
2. As it relates to the _____ location, Franchisee does hereby relinquish any and all rights to the use of the trademarks of ZAGG and the trade names of ZAGG and covenants to cease and desist any and all use of such trademarks and trade names.

3. Franchisee reaffirms all of their post-termination obligations and covenants set forth in the Franchise Agreement and any and all exhibits thereto.

4. Upon inquiry from third parties, Franchisor shall inform such third parties that Franchisee’s Franchise relationship for the _____ operation with Franchisor has terminated.

5. Franchisee does hereby discharge Franchisor, its officers, directors, employees, agents and affiliates from any and all actions, causes of action, damages, judgments, debts, losses, contracts, claims and demands of whatsoever kind and nature, including without limitations, any and all claims which could be asserted under or with respect to the Franchise Agreement.

6. This Franchise Termination Agreement shall be binding upon and inure to the benefit of each of the parties hereto, including each of their respective successors, assigns, heirs, beneficiaries and personal representatives.

7. This Franchise Termination Agreement shall be construed and interpreted in accordance with the laws of the State of Ohio and may be executed in mutual counterparts which, when taken together, shall consist of one and the same instrument executed as of the latest date of any such counterpart.

IN WITNESS WHEREOF, this Franchise Termination Agreement is entered into on the _____.

**MMI-JS, LLC dba Retail Channel Partners,
A Delaware limited liability company**

**ENTITY
STATE OF FORMATION**

By _____
Jeffrey R. Harcourt
Title: COO Marathon Management Services,
LLC as Manager

By _____
NAME

EXHIBIT J
FINANCIAL STATEMENTS

See attached.

MMI-JS, LLC
dba Retail Channel Partners

Financial Statements

December 31, 2023, 2022, and 2021

MMI-JS, LLC dba Retail Channel Partners

Index to Financial Statements

	Page(s)
Independent Auditor's Report	1 - 2
Balance Sheets As of December 31, 2023, 2022, and 2021	3
Statements of Income for the Years Ended December 31, 2023, 2022, and 2021	4
Statements of Members' Equity for the Years Ended December 31, 2023, 2022, and 2021	5
Statements of Cash Flows for the Years Ended December 31, 2023, 2022, and 2021	6 - 7
Notes to Financial Statements	8 - 18

Independent Auditor's Report

To the Members
MMI-JS, LLC dba Retail Channel Partners

Opinion

We have audited the accompanying financial statements of MMI-JS, LLC dba Retail Channel Partners (the "Company") (a Delaware limited liability company) which comprise the balance sheets as of December 31, 2023, 2022, and 2021, the related statements of income, members' equity, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2023, 2022, and 2021, and the results of its operations and its cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

To the Members
MMI-JS, LLC dba Retail Channel Partners

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of 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.

Cimini & Panichi, Inc.

Cleveland, Ohio
March 29, 2024

MMI-JS, LLC dba Retail Channel Partners
Balance Sheets
December 31, 2023, 2022, and 2021

	ASSETS		
	<u>2023</u>	<u>2022</u>	<u>2021</u>
Current assets:			
Cash	\$ 363,459	\$ 704,944	\$ 485,717
Accounts receivable - trade, net	560,537	564,266	350,521
Current portion of note receivable	169,000	-	-
Current portion of related party note receivable	80,000	80,000	-
Inventory	50,111	153,129	182,651
Prepaid expenses	38,158	51,615	24,514
Total current assets	<u>1,261,265</u>	<u>1,553,954</u>	<u>1,043,403</u>
Other assets:			
Note receivable	40,000	-	-
Related party note receivable	920,000	420,000	-
Property and equipment, net	30,014	97,338	83,378
Investment property, net	-	-	1,197,721
Operating lease right-of-use assets	-	8,999	-
Intangibles, net	62,250	197,916	222,916
Total assets	<u>\$ 2,313,531</u>	<u>\$ 2,278,207</u>	<u>\$ 2,547,418</u>
LIABILITIES AND MEMBERS' EQUITY			
Current liabilities:			
Accounts payable and accrued expenses	\$ 265,537	\$ 296,923	\$ 247,833
Current portion of obligations under operating leases	-	9,201	-
Current portion of related party revolving loan	-	-	80,000
Franchise sales deposits	30,000	50,000	62,000
Technology fund	10,466	2,220	-
Advertising fund	17,376	18,777	-
Other	2,145	5,050	6,242
Total current liabilities	<u>325,524</u>	<u>382,171</u>	<u>396,075</u>
Related party revolving loan net of current portion	-	-	920,000
Total liabilities	<u>325,524</u>	<u>382,171</u>	<u>1,316,075</u>
Equity:			
Members' equity	1,988,007	1,896,036	1,231,343
Total liabilities and members' equity	<u>\$ 2,313,531</u>	<u>\$ 2,278,207</u>	<u>\$ 2,547,418</u>

The accompanying notes are an integral part of these financial statements.

MMI-JS, LLC dba Retail Channel Partners
Statements of Income
For the years ended December 31, 2023, 2022, and 2021

	<u>2023</u>	<u>2022</u>	<u>2021</u>
REVENUE			
Continuing licensee and franchisee fees	\$ 1,433,637	\$ 1,456,902	\$ 1,379,243
Advertising fund	160,180	194,103	-
ZAGG & CPR warranty product commissions	1,250,430	1,241,589	1,166,942
Corporate store sales	686,645	855,968	1,123,542
	<u>3,530,892</u>	<u>3,748,562</u>	<u>3,669,727</u>
COST AND EXPENSES			
Office	288,961	330,722	403,173
Cost of sales	249,758	311,573	452,232
Advertising fund	160,180	194,103	-
Advertising and promotion	59,039	49,699	74,538
Depreciation and amortization expense	43,851	46,074	47,974
Compensation and service fees	1,903,990	2,010,132	1,896,594
General and other	477,209	123,961	204,424
	<u>3,182,988</u>	<u>3,066,264</u>	<u>3,078,935</u>
INCOME FROM OPERATIONS	347,904	682,298	590,792
OTHER INCOME (EXPENSE), NET			
Interest income	25,600	5,993	-
(Loss) gain on sale of assets, net	(17,226)	346,031	-
Other income, net	581	2,800	1,222
Rental property, net	-	(27,994)	(55,042)
Interest expense	-	(27,504)	(30,558)
Total other income (expense), net	<u>8,955</u>	<u>299,326</u>	<u>(84,378)</u>
INCOME BEFORE INCOME TAXES	356,859	981,624	506,414
Provision for state income taxes	-	-	11,344
NET INCOME	<u>\$ 356,859</u>	<u>\$ 981,624</u>	<u>\$ 495,070</u>

The accompanying notes are an integral part of these financial statements.

MMI-JS, LLC dba Retail Channel Partners
Statements of Members' Equity
For the years ended December 31, 2023, 2022, and 2021

	<u>Members'</u> <u>Equity</u>
Balance, December 31, 2020	\$ 627,121
Contributions	300,000
Distributions	(190,848)
Net income	495,070
	<hr/>
Balance, December 31, 2021	\$ 1,231,343
Distributions	(316,931)
Net income	981,624
	<hr/>
Balance, December 31, 2022	\$ 1,896,036
Distributions	(264,888)
Net income	356,859
	<hr/>
Balance, December 31, 2023	<u>\$ 1,988,007</u>

The accompanying notes are an integral part of these financial statements.

MMI-JS, LLC dba Retail Channel Partners
Statements of Cash Flows
For the years ended December 31, 2023, 2022, and 2021

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Cash flows from operating activities:			
Net income	\$ 356,859	\$ 981,624	\$ 495,070
Adjustments to reconcile net income to net cash provided by operating activities:			
Credit loss expense	348,672	4,197	2,806
Depreciation and amortization expense	43,851	73,397	75,253
Loss (gain) on sale of assets	17,226	(346,031)	37,778
Noncash operating lease expense	30,481	73,289	-
Net change in assets and liabilities:			
Accounts receivable - trade	(38,304)	(217,942)	(45,487)
Inventory	12,171	29,522	8,522
Prepaid expenses	3,750	(27,101)	(7,717)
Accounts payable and accrued expenses	(9,293)	4,304	(505,280)
Franchise sales deposits	(12,000)	(12,000)	18,000
Technology fund	8,246	2,220	-
Advertising fund	(1,401)	18,777	-
Payments on operating lease obligations	(30,683)	(74,493)	-
Net cash provided by operating activities	<u>729,575</u>	<u>509,763</u>	<u>78,945</u>
Cash flows from investing activities:			
Capital expenditures	-	(41,034)	(1,237,320)
Related party note receivable	(850,000)	(500,000)	-
Payments received on note receivable	38,828	-	-
Proceeds from sale of corporate stores	30,000	-	-
Proceeds from sale of investment property	-	1,522,429	-
Net cash (used) provided by investing activities	<u>(781,172)</u>	<u>981,395</u>	<u>(1,237,320)</u>
Cash flows from financing activities:			
Equity contributions	-	-	300,000
Equity distributions	(289,888)	(271,931)	(190,848)
Borrowings on related party revolving loan	-	-	1,199,623
Payments on related party revolving loan	-	(1,000,000)	(199,623)
Net cash (used) provided by financing activities	<u>(289,888)</u>	<u>(1,271,931)</u>	<u>1,109,152</u>
Net (decrease) increase in cash and cash equivalents	(341,485)	219,227	(49,223)
Cash, beginning of period	704,944	485,717	534,940
Cash, end of year	<u>\$ 363,459</u>	<u>\$ 704,944</u>	<u>\$ 485,717</u>

The accompanying notes are an integral part of these financial statements.

MMI-JS, LLC dba Retail Channel Partners
Statements of Cash Flows (Continued)
For the years ended December 31, 2023, 2022, and 2021

Supplemental disclosure for cash flow information:

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Cash paid during the year for:			
Interest	\$ -	\$ 30,242	\$ 27,820
Income taxes	-	-	11,344
Non-cash investing and financing activities:			
Distributions accrued to accounts payable and accrued expenses	\$ 20,000	\$ 45,000	\$ -
Sale of certain assets in exchange for a note receivable	247,828	-	-

The accompanying notes are an integral part of these financial statements.

MMI-JS, LLC dba Retail Channel Partners

Notes to Financial Statements for the years ended December 31, 2023, 2022, and 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principle Business Activity

MMI-JS, LLC (the “Company”) is a Delaware Limited Liability Company formed on April 30, 2020. The Company, 50% owned by Merrymeeting, Inc. (“MMI”) and 50% owned by Red Cloud Ventures, Inc., works with clients to foster innovation, develop brands, and accelerate growth using four core solutions: franchise development, e-commerce, digital marketing and strategic consulting. As of December 31, 2023, the Company owns one retail store specializing in the sale of accessories, support and servicing of electronic devices.

On August 31, 2020, the Company entered into a Master License Agreement with ZAGG, Inc. (“ZAGG”), a company that administers a franchise system whereby franchisees operate retail outlets using the ZAGG name and trademarks to sell certain products and services. The Master License Agreement provides the Company with the franchisor rights and obligations related to the ZAGG franchise system and grants the Company certain limited rights to ZAGG intellectual property to enable the Company’s management and operation of the ZAGG franchise system.

In conjunction with the Master License Agreement, the Company entered into an Assignment and Assumption of Franchise Agreements Agreement whereby ZAGG assigned the franchise agreements for franchisees operating under the ZAGG franchise system to the Company.

On August 31, 2020, the Company also entered into a Sales and Account Management Agreement whereby by ZAGG granted the Company (i) the exclusive right to market ZAGG products to the ZAGG franchise system and certain other third party companies and (ii) the exclusive right to appoint device repair stores to service ZAGG warranty claims.

On August 25, 2022, an amendment to the Sales and Account Management Agreement and to the Master License Agreement was signed. The commissions owed to the Company per the Sales and Account Management Agreement were restructured and named an additional third party company. The amendment modified the Master License Agreement to acknowledge the Company has the exclusive right to revise the continuing monthly royalty fees paid to the Company by ZAGG franchisees.

Basis of Presentation

The Company follows authoritative guidance issued by the Financial Accounting Standards Board (FASB), which established the FASB Accounting Standards Codification (ASC) as the single source of authoritative accounting principles generally accepted in the United States of America.

Adopted Accounting Pronouncement

Effective January 1, 2023, the Company adopted Accounting Standards Update (ASU) 2016-13, *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments* using a modified retrospective approach. This ASU replaces the incurred loss impairment model with an expected credit loss impairment model for financial instruments, including trade and other receivables. The ASU requires entities to consider forward-looking information to estimate expected credit losses, resulting in earlier recognition of losses for receivables that are current or not yet due, which were not considered under previous accounting guidance. The adoption of the ASU did not result in an adjustment to members’ equity at the adoption date.

MMI-JS, LLC dba Retail Channel Partners

Notes to Financial Statements for the years ended December 31, 2023, 2022, and 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash Concentration

The Company maintains amounts on deposit in a financial institution, which at times may have balances in excess of federal deposit insurance limits.

Cash Equivalents

The Company considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

Inventory

Inventory is stated at the lower of cost or net realizable value. Cost for new inventory is determined by the weighted average costing method. Cost for pre-owned inventory is determined by the first-in, first-out method.

Leases

The Company accounts for leases under the provision of ASC 842. The determination of whether an arrangement is a lease is made at its inception. A contract is (or contains) a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is defined under the standard as having both the right to obtain substantially all of the economic benefits from use of the asset and the right to direct the use of the asset. Management only reassesses its determination if the terms and conditions of the contract are modified.

Operating leases are included in operating lease right-to-use (ROU) assets, current portion of obligations under operating leases, and obligations under operating leases, net of current portion on the balance sheets.

Operating lease ROU assets and lease liabilities are recognized at the lease commencement date based on the present value of the related lease liabilities, adjusted for prepayments, lease incentives received, and initial direct costs incurred, if any. The Company has elected to not separate lease components from non-lease components when allocating contract consideration for all classes of leases. Accordingly, all expenses associated with a lease contract are accounted for as lease expenses. The Company has also elected to not record lease ROU assets or lease liabilities for leases with an original term of 12 months or less. The Company discounts future payments on leases using a risk-free rate for an instrument of similar term for all classes of leases.

Some leasing arrangements require variable payments that are dependent on usage or may vary for other reasons, such as percentage rent and common area maintenance. The variable portion of lease payments is not included in the ROU assets or lease liabilities and is expensed when incurred. Lease expense, including amortization of ROU assets are recognized on a straight-line basis over the lease term and recorded in office expense in the statements of income.

Franchise Prepaid License & Market Reservation Agreements

The Company currently offers 2 programs for franchisees that have interest to reserve and open multiple locations based on approved Development Schedules outlined in these agreements. The "Prepaid ZAGG License Agreement" allows the franchisee to purchase non-transferable, prepaid licenses to open and operate ZAGG Franchised Business Locations for \$4,000 per license. Once each

MMI-JS, LLC dba Retail Channel Partners

Notes to Financial Statements for the years ended December 31, 2023, 2022, and 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

of the locations is opened that aligns with the Development Schedule, the Company will rebate the \$4,000 fee to the franchisee in the form of a product credit on ZAGG's inventory account. The "ZAGG Market Reservation Agreement" allows the franchisee to purchase non-transferable prepaid licenses to open and operate ZAGG Franchised Business Locations for \$2,000 per license. Once each of the locations is opened that aligns with the Development Schedule, the Company will rebate the \$2,000 fee to the franchisee in the form of a product credit on ZAGG's inventory account. The Company holds these prepaid amounts as franchise sales deposits in the accompanying balance sheets.

Revenue Recognition

The Company recognizes revenue in accordance with the "Revenue from Contracts with Customers" topic of the FASB ASC. In accordance with the "Revenue from Contracts with Customers" topic of the FASB ASC, the Company identifies a contract when it has approval and commitment from both parties, the rights of the parties are identified, payment terms are identified, the contract has commercial substance and collectability of consideration is probable. Revenue is measured as the amount of consideration expected to be received in exchange for transferring goods or providing services.

Corporate store sales revenue is recognized at a point in time at point-of-sale. Continuing license and franchise fees generated by franchisee billings is recognized at a point in time as invoiced for services rendered under the terms of the license and franchise agreement. ZAGG and Cell Phone Repair (CPR) warranty product commissions revenue is recognized at a point in time under the terms of the Sales and Management Agreement. Initial franchise and transfer fees are recognized on a straight-line basis over the life of the underlying franchise agreement, an input method. The Company accounts for pre-opening services provided to a franchisee as distinct from the franchise license as management has determined that the services are consistent with those included in the predefined list within the guidance. Pre-opening services for the Company consist of: (1) location site selection and buildout, (2) onboarding and marketing training, (3) systems initialization, and (4) digital marketing. Pre-opening service revenue, which is included in continuing licensee and franchise fees in the accompanying statements of income, is recognized at a point in time when the services have been provided. Management represents there are no known instances of variable consideration with regard to the recognition of revenue.

Income taxes

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

Advertising

Pursuant to the ZAGG Franchise Agreement, the Company implemented a National Advertising Fund fee effective March 1, 2022. The National Advertising Fund may be used for (among other things) creation, production and distribution of marketing, advertising, public relations and other materials in any medium. The Company's in-house marketing department administers the National Advertising Fund. The Company expenses advertising expenditures as incurred.

MMI-JS, LLC dba Retail Channel Partners

Notes to Financial Statements for the years ended December 31, 2023, 2022, and 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of Estimates in the Preparation of Financial Statements

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

2. RECEIVABLES AND ALLOWANCE FOR CREDIT LOSSES

The Company reports receivables at net realizable value. The Company maintains an allowance for credit losses to provide for the estimated amount of receivables that will not be collected. Credit quality is monitored through the timing of payments compared to payment terms and known facts regarding the financial condition of debtors. The Company determines its allowance by considering a number of factors, including the length of time receivables are past due, the Company's previous receivable loss history, the customer's current ability to pay its obligation, and the condition of the general economy and the industry as a whole. The Company writes off receivables when they become uncollectible. Payments subsequently received on such receivables are credited to the allowance for credit losses, or to income, as appropriate under the circumstances. The expense associated with the allowance for credit losses is recognized as general and other expense in the accompanying statements of income. The following represents changes in management's allowance for credit losses during the year ended December 31, 2023:

	<u>Accounts receivable - trade</u>	<u>Related party note receivable</u>	<u>Total</u>
Beginning balance	\$ 2,218	\$ -	\$ 2,218
Provision for credit losses	(3,546)	350,000	346,454
Write-offs	(427)	(350,000)	(350,427)
Recoveries	1,755	-	1,755
Ending balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

As of December 31, 2023, 2022, and 2021, 48%, 46%, and 32%, respectively, of the Company's gross accounts receivable – trade are due from ZAGG.

3. NOTE RECEIVABLE

During the year ended December 31, 2023, the Company sold three corporate stores in exchange for a secured promissory note totaling \$247,828. The buyer agreed to pay monthly principal installments beginning November 1, 2023. The secured promissory note is noninterest bearing provided the outstanding principal balance is paid in full by the maturity date of March 31, 2025. As of December 31, 2023, the outstanding balance on the secured promissory note is \$209,000 and is included in current portion of note receivable and note receivable in the accompanying balance sheets. In 2024, principal payments totaling \$169,000 are due with the remaining balance of \$40,000 due in 2025.

MMI-JS, LLC dba Retail Channel Partners

Notes to Financial Statements for the years ended December 31, 2023, 2022, and 2021

4. OPERATING LEASES

The Company leases an office space in Salt Lake City, Utah and a retail space in Houston, Texas. The Company leased three other retail spaces in Salt Lake City, Utah which were accounted for as operating leases and expired at various times during the year ended December 31, 2023 and were not renewed. The Company did not have any financing leases during the years ended December 31, 2023 and 2022. As of December 31, 2023, the Company did not have any operating leases that were not short-term. The other office and retail spaces are short-term leases that are not included in operating lease ROU and operating lease obligations. These short-term leases are one year in length.

The weighted average discount rate on operating leases was 1.32% as of December 31, 2022.

The weighted average remaining lease term on operating leases was approximately zero years as of December 31, 2022.

The following summarizes the line items in the statements of income, which include the components of lease expense, which is included in office expense, for the years ended December 31:

	<u>2023</u>	<u>2022</u>
Operating lease expense	\$ 37,739	\$ 73,944
Variable lease expense	27,290	17,034
Short-term lease expense	<u>156,940</u>	<u>153,142</u>
Total lease expense	<u>\$ 221,969</u>	<u>\$ 244,120</u>

The following summarizes cash flow information related to leases for the years ended December 31:

Cash paid for amounts included in the operating cash flows:	<u>2023</u>	<u>2022</u>
Operating leases	\$ 33,473	\$ 75,149
ROU asset obtained in exchange for lease obligations:		
Operating leases	\$ 117,975	\$ -

Lease expense, including common area maintenance, for the year ended December 31, 2021 was \$297,491.

MMI-JS, LLC dba Retail Channel Partners

Notes to Financial Statements for the years ended December 31, 2023, 2022, and 2021

5. PROPERTY AND EQUIPMENT

Property and equipment are stated at cost. Depreciation is computed using the straight-line method. Computer equipment has a useful life of 5 years and furniture and fixtures have a useful life of 7 years.

Property and equipment as of December 31 consisted of:

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Computer equipment	\$ 19,996	\$ 22,518	\$ 18,684
Furniture and fixtures	49,381	114,076	86,876
	<u>69,377</u>	<u>136,594</u>	<u>105,560</u>
Less accumulated depreciation	<u>(39,363)</u>	<u>(39,256)</u>	<u>(22,182)</u>
	<u>\$ 30,014</u>	<u>\$ 97,338</u>	<u>\$ 83,378</u>

For the years ended December 31, 2023, 2022, and 2021, depreciation expense was \$22,851, \$21,074, and \$20,501, respectively.

6. INVESTMENT PROPERTY

Investment property consisted of property and accompanying furniture and fixtures that were held for long-term rental yields or for capital appreciation or both, and was not owner occupied. Investment property was measured initially at its cost, including related transaction costs and where applicable borrowing costs. Depreciation was computed using the straight-line method. Investment property had a useful life of 40 years, and the furniture and fixtures had a useful life of 7 years.

Investment property as of December 31 consisted of:

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Investment property	\$ -	\$ -	\$1,207,100
Furniture and fixtures	-	-	17,900
	<u>-</u>	<u>-</u>	<u>1,225,000</u>
Less accumulated depreciation - property	-	-	(25,148)
Less accumulated depreciation - furniture and fixtures	<u>-</u>	<u>-</u>	<u>(2,131)</u>
	<u>\$ -</u>	<u>\$ -</u>	<u>\$1,197,721</u>

During the year ended December 31, 2022, the investment property was sold for a gain of \$351,987, which is included in (loss) gain on sale of assets, net in the accompanying statements of income.

MMI-JS, LLC dba Retail Channel Partners

Notes to Financial Statements for the years ended December 31, 2023, 2022, and 2021

6. INVESTMENT PROPERTY (CONTINUED)

For the years ended December 31, 2023, 2022, and 2021, depreciation expense was \$0, \$27,323, and \$27,279, respectively, and is included in rental property, net in the accompanying statements of income.

7. INTANGIBLES

The Company's intangibles consist of goodwill from the purchase of four Company owned stores during the year ended December 31, 2020.

The Company follows the accounting alternative for the subsequent measurement of goodwill provided by the "Intangibles – Goodwill and Other" topic of the FASB ASC. Under this accounting alternative, the Company amortizes goodwill on a straight-line basis over a ten-year useful life, included in depreciation and amortization expense in the accompanying statements of income. The Company only evaluates goodwill for impairment when a triggering event occurs. During the years ended December 31, 2023, 2022, and 2021, no triggering events occurred requiring impairment testing, and thus, no impairment loss was recorded.

On August 31, 2021, the Company closed one of the Company owned stores purchased in 2020. The location was not sold to another franchisee and there was no money exchanged. All assets were distributed among the other four Company owned stores, and goodwill was expensed and is included in general and other within the accompanying statements of income.

On September 30, 2023, the Company sold three of the Company owned stores. Two locations were purchased in 2020 from another franchisee and one location was opened as a new location. Related goodwill from the locations that were originally purchased was reduced as a result of this sale.

Intangibles as of December 31 consisted of:

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Goodwill	\$ 90,000	\$ 250,000	\$ 250,000
Less accumulated amortization	<u>(27,750)</u>	<u>(52,084)</u>	<u>(27,084)</u>
	<u>\$ 62,250</u>	<u>\$ 197,916</u>	<u>\$ 222,916</u>

For the years ended December 31, 2023, 2022, and 2021, amortization expense was \$21,000, \$25,000, and \$27,472, respectively.

MMI-JS, LLC dba Retail Channel Partners

Notes to Financial Statements for the years ended December 31, 2023, 2022, and 2021

7. INTANGIBLES (CONTINUED)

Future estimated aggregate amortization expense to be recognized for the remaining intangibles is as follows for the years ended December 31:

2024	\$	9,000
2025		9,000
2026		9,000
2027		9,000
2028		9,000
Thereafter		17,250
Total	\$	<u>62,250</u>

8. LICENSING AND FRANCHISING

As of December 31, 2021, the Company had entered into 109 license and franchise agreements (four company owned stores), with 34 entities, operating 109 offices with 109 advertised locations.

<u>2021</u>	<u>Licensing and Franchising</u>	<u>Corporate Owned Stores</u>	<u>Total</u>
Number of advertised locations			
Beginning of year	92	5	97
Opened	13	-	13
Closed	-	(1)	(1)
End of year	<u>105</u>	<u>4</u>	<u>109</u>

<u>2021</u>	<u>Licensing and Franchising</u>	<u>Corporate Owned Stores</u>	<u>Total</u>
Revenue	\$ 2,546,185	\$ 1,123,542	\$ 3,669,727
Costs and expenses	<u>(1,825,915)</u>	<u>(1,253,020)</u>	<u>(3,078,935)</u>
Income (loss) from operations	\$ <u>720,270</u>	\$ <u>(129,478)</u>	\$ <u>590,792</u>

As of December 31, 2022, the Company has entered into 105 license and franchise agreements (four company owned stores), with 30 entities, operating 105 offices with 105 advertised locations.

<u>2022</u>	<u>Licensing and Franchising</u>	<u>Corporate Owned Stores</u>	<u>Total</u>
Number of advertised locations			
Beginning of year	105	4	109
Opened	7	-	7
Closed	(12)	-	(12)
End of year	<u>100</u>	<u>4</u>	<u>104</u>

MMI-JS, LLC dba Retail Channel Partners

Notes to Financial Statements for the years ended December 31, 2023, 2022, and 2021

8. LICENSING AND FRANCHISING (CONTINUED)

<u>2022</u>	<u>Licensing and Franchising</u>	<u>Corporate Owned Stores</u>	<u>Total</u>
Revenue	\$ 2,892,594	\$ 855,968	\$ 3,748,562
Costs and expenses	<u>(2,151,553)</u>	<u>(914,711)</u>	<u>(3,066,264)</u>
Income (loss) from operations	<u>\$ 741,041</u>	<u>\$ (58,743)</u>	<u>\$ 682,298</u>

As of December 31, 2023, the Company has entered into 98 license and franchise agreements (one company owned store), with 26 entities, operating 99 offices with 99 advertised locations.

<u>2023</u>	<u>Licensing and Franchising</u>	<u>Corporate Owned Stores</u>	<u>Total</u>
Number of advertised locations			
Beginning of year	100	4	104
Opened	7	-	7
Closed/sold	<u>(9)</u>	<u>(3)</u>	<u>(12)</u>
End of year	<u>98</u>	<u>1</u>	<u>99</u>

<u>2023</u>	<u>Licensing and Franchising</u>	<u>Corporate Owned Stores</u>	<u>Total</u>
Revenue	\$ 2,844,247	\$ 686,645	\$ 3,530,892
Costs and expenses	<u>(2,387,123)</u>	<u>(795,865)</u>	<u>(3,182,988)</u>
Income (loss) from operations	<u>\$ 457,124</u>	<u>\$ (109,220)</u>	<u>\$ 347,904</u>

The Company charges an initial franchise fee on the sale of new or existing franchised territories. As compensation for the above, the Company receives a continuing license fee. Continuing license fees are a percentage of the licensees' or franchisees' gross billings, as defined in the agreement.

9. INCOME TAXES

Income taxes of the Company are accounted for under the provisions of the "Income Taxes" topic of the FASB ASC, which require an asset and liability approach to financial accounting and reporting for income taxes.

Uncertain income tax positions are evaluated at least annually by management. The Company classifies interest and penalties related to income tax matters within general and other expenses in the accompanying statements of income. As of December 31, 2023, 2022, and 2021, the Company has identified no uncertain income tax positions and has incurred no amounts for income tax penalties and interest for the years then ended.

MMI-JS, LLC dba Retail Channel Partners

Notes to Financial Statements for the years ended December 31, 2023, 2022, and 2021

10. RELATED PARTY TRANSACTIONS

Payables and Expenses

The Company's staffing needs are provided through a management agreement with Marathon Management Services, LLC ("Marathon"). Marathon is owned and controlled by a member of the Company. The Company has an agreement with Marathon whereby Marathon bills the Company for all staffing services. Subsequently, Marathon invoices the Company for such services. The services provided include human resources, financial management, business planning and management of day-to-day business issues. For the years ended December 31, 2023, 2022, and 2021, the Company incurred \$1,900,241, \$2,002,575, and \$1,894,182, respectively, of expense under this agreement.

Effective April 30, 2020, the Company entered into a secured loan agreement with MMI, whereby MMI agreed to lend and relend to the Company such amounts that the Company may from time to time request, up to the sum of \$700,000 ("Revolving Loan"), with minimum quarterly principal payments of \$20,000. The Revolving Loan bears interest at the Prime Rate as reported by the Wall Street Journal's Bank Summary and is payable monthly in arrears commencing on June 15, 2020, and on the 15th day of each month thereafter. The Revolving Loan shall mature and be payable in full on April 30, 2022 or on any earlier termination date, as defined in the secured loan agreement. The Revolving Loan is secured by substantially all of the assets of the Company, including the equity interests in the Company.

The Revolving Loan was amended on February 15, 2021 to increase the loan limit to \$1,400,000, and extend the maturity date to March 31, 2024. All other details remain the same. As of December 31, 2021, draws against the loan totaled \$1,000,000. As of December 31, 2022, the Company has paid the balance due against the Revolving Loan in full, and the secured loan agreement remains in effect. Management intends to extend the Revolving Loan prior to the maturity date.

As of December 31, 2023, 2022, and 2021, included in accounts payable and accrued expenses on the accompanying balance sheets is \$198,198, \$213,496, and \$226,714, respectively, owed to members and employees. During the years ended December 31, 2023, 2022, and 2021 interest expense incurred related to the Revolving Loan totaled \$0, \$27,504, and \$30,558, respectively, and is included in interest expense in the accompanying statements of income.

Receivables and Income

Effective November 1, 2022, the Company entered into a secured loan agreement with a related entity, whereby the Company agreed to lend and relend to the related entity such amounts that the related entity may from time to time request, up to the sum of \$750,000 ("Note Receivable"), with minimum quarterly principal payments of \$20,000 beginning with the first quarter of 2023. The related entity is owned and controlled by both 50% members of the Company. The Note Receivable bears interest at the Prime Rate as reported by the Wall Street Journal's Bank Summary plus one percent and is payable monthly in arrears commencing on December 15, 2022, and on the 15th day of each month thereafter. Effective September 27, 2023, the Note Receivable sum was increased to \$1,400,000.

The Note Receivable shall mature and be payable in full on November 1, 2027 or on any earlier termination date, as defined in the secured loan agreement. As of December 31, 2023 and 2022, draws against the note totaled \$1,000,000 and \$500,000, respectively. During the year ended December 31,

MMI-JS, LLC dba Retail Channel Partners

Notes to Financial Statements for the years ended December 31, 2023, 2022, and 2021

10. RELATED PARTY TRANSACTIONS (CONTINUED)

2023, the Company determined that \$350,000 of the Note Receivable balance was uncollectible and wrote it off.

Interest income on the Note Receivable for the years ended December 31, 2023 and 2022 totaled \$25,600 and \$5,993, respectively, and is included in interest income in the accompanying statements of income.

11. SUBSEQUENT EVENTS

The date to which events occurring after December 31, 2023 have been evaluated for possible adjustment to the financial statements or disclosure is March 29, 2024 which is the date the financial statements were available to be issued.

State Effective Dates

The following states have franchise laws that require that the Franchise Disclosure Document be registered or filed with the state, or be exempt from registration: California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, and Wisconsin.

This document is effective and may be used in the following states, where the document is filed, registered or exempt from registration, as of the Effective Date stated below:

State	Effective Date
California	Pending
Florida	Pending
Hawaii	Pending
Illinois	Pending
Indiana	Pending
Maryland	Pending
Michigan	Pending
Minnesota	Pending
New York	Pending
North Dakota	Pending
Rhode Island	Pending
South Dakota	Pending
Utah	Pending
Virginia	Pending
Washington	Pending
Wisconsin	Pending

Other states may require registration, filing, or exemption of a franchise under other laws, such as those that regulate the offer and sale of business opportunities or seller-assisted marketing plans.

**EXHIBIT K
RECEIPTS**

Receipt

This disclosure document summarizes certain provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully.

If MMI-JS, LLC dba Retail Channel Partners offers you a franchise, it must provide this disclosure document to you 14 calendar days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale, or sooner if required by applicable state law. New York and Rhode Island require that we give you this disclosure document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship. Michigan and Oregon require that we give you this disclosure document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first. If MMI-JS, LLC dba Retail Channel Partners 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 identified on Exhibit E.

The franchisor is MMI-JS, LLC dba Retail Channel Partners located at 7100 E. Pleasant Valley Rd. Ste. 300 Independence, OH 44131. Its telephone number is (216)674-0645. The franchise seller for this offering is: Aaron Johnson, 3939 Wasatch Blvd. Ste. 5 Salt Lake City, Utah 84124, (801)897-7386.

Issuance date: March 29, 2024

I received a disclosure document dated March 29, 2024, that included the following Exhibits:

- Exhibit A – List of Franchisees
- Exhibit B – List of Franchisees that left the System Last Year
- Exhibit C – Franchise Agreement
- Exhibit D – Personal Guaranty
- Exhibit E – List of State Franchise Administrators
- Exhibit F – State Disclosures and Riders
- Exhibit G – Agents for Service of Process
- Exhibit H – Standards Manual Table of Contents
- Exhibit I- Termination Agreement
- Exhibit J – Financial Statements
- Exhibit K – Receipts

Date Received: _____

Prospective Franchisee/Applicant (please sign): _____

Prospective Franchisee/Applicant (please print): _____

Spouse of Prospective Franchisee/Applicant (please sign): _____

Spouse of Prospective Franchisee/Applicant (please print): _____

Name of Business Entity: _____

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 MMI-JS, LLC dba Retail Channel Partners offers you a franchise, it must provide this disclosure document to you 14 calendar days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale, or sooner if required by applicable state law. New York and Rhode Island require that we give you this disclosure document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship. Michigan and Oregon require that we give you this disclosure document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first. If MMI-JS, LLC dba Retail Channel Partners 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 identified on Exhibit E.

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Spouse of Prospective Franchisee/Applicant (please print): _____

Name of Business Entity: _____

Type forward slash s forward slash /s/ First Name Last Name (i.e. /s/ John Smith) on the signature line above if you consent to the electronic signing and storing of your signature. By doing so, you are signing the Authorization for Release of Information electronically and agree that your electronic signature is the legal equivalent of your manual signature on the Authorization for Release of Information.

PLEASE SIGN THIS COPY OF THE RECEIPT, INSERT THE DATE UNDER YOUR SIGNATURE, AND RETURN IT TO: THE COMPLIANCE DEPARTMENT COMPLIANCE@MERRYMTG.COM 7100 East Pleasant Valley Road, Suite 300, Independence, Ohio 44131.