

FRANCHISE DISCLOSURE DOCUMENT



Success Franchising, LLC
A Delaware limited liability company
750 N. St. Paul St., Suite 250
Dallas, Texas 75201
Phone: (800) 570-6414
Email: tina.gantz@success.com
Website: www.successfranchise.com

Success Franchising, LLC offers franchises for the operation of a shared workspace facility that offers entrepreneurs and corporate workers flexible rental options combined with access to onsite professional business coaching, virtual communication technology, a limited-service café and various other amenities, all under the SUCCESS Space trademark.

The total investment necessary to begin operation of a SUCCESS Space franchise ranges from \$468,650 to \$1,424,150. This includes \$74,150 to \$76,650 that must be paid to us and our affiliates.

Area developers must commit to open a minimum of 3 SUCCESS Space facilities. If you purchase area development rights, the total investment necessary to begin operation of a SUCCESS Space franchise ranges from \$477,650 to \$1,442,150. This includes \$83,150 to \$94,650 that must be paid to us and our affiliates.

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

You may wish to receive your Disclosure Document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact the franchisor at 750 N. St. Paul St., Suite 250, Dallas, Texas 75201 or by phone at (800) 570-6414.

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 (the "FTC"). You can contact the FTC at 1-877-FTC-HELP or by writing to the FTC at 600 Pennsylvania Avenue, NW, Washington, DC 20580. You can also visit the FTC's home page at www.ftc.gov for additional information. Call your state agency or visit your public library for other sources of information on franchising.

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

Issuance Date: April 19, 2023 (amended October 4, 2023)

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 "F". |
| 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 "H" 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 SUCCESS Space facility 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 SUCCESS Space franchisee? | Item 20 or EXHIBIT "F" 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 "A".

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

Special Risks to Consider About *This Franchise*

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

1. **Out-of-State Dispute Resolution.** The franchise agreement and area development agreement require you to resolve disputes with the franchisor by mediation, arbitration and/or litigation only in Texas. 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 Texas than in your own state.
2. **Spousal Liability.** Your spouse must sign a document that makes your spouse liable for all financial obligations under the franchise agreement even though your spouse has no ownership interest in the franchise. This guarantee will place both your and your spouse's marital and personal assets, perhaps including your house, at risk if your franchise fails.
3. **Short Operating History.** The franchisor is at an early stage of development and has a limited operating history. This franchise is likely to be a riskier investment than a franchise in a system with a longer operating history.
4. **Financial Condition.** The franchisor's financial condition, as reflected in its financial statements (see Item 21), calls into question the franchisor's financial ability to provide services and support to you.
5. **Mandatory Minimum Payments.** You must make mandatory minimum royalty payments regardless of your sales levels. Your inability to make these investments may result in termination of your franchise and loss of your investment.
6. **Supplier Control.** You must purchase all or nearly all of the inventory & supplies necessary to operate your business from Franchisor, its affiliates, or from suppliers that Franchisor designates at prices that the Franchisor or they set. These prices may be higher than prices you could obtain elsewhere for the same or similar goods. This may reduce the anticipated profit of your franchised business.
7. **Unopened Franchises.** The franchisor has signed a significant number of franchise agreements with franchisees who have not yet opened their outlets. If other franchisees are experiencing delays in opening their outlets, you also may experience delays in opening your own outlet.

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

MICHIGAN

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

Each of the following provisions is void and unenforceable if contained in any document relating to a franchise:

- (a) A prohibition on the right of a franchisee to join an association of franchisees.
- (b) A requirement that a franchisee assent to a release, assignment, novation, waiver, or estoppel which deprives a franchisee of rights and protections provided in this act. This shall not preclude a franchisee, after entering into a franchise agreement, from settling any and all claims.
- (c) A provision that permits a franchisor to terminate a franchise prior to the expiration of its term except for good cause. Good cause shall include the failure of the franchisee to comply with any lawful provision of the franchise agreement and to cure such failure after being given written notice thereof and a reasonable opportunity, which in no event need be more than 30 days, to cure such failure.
- (d) A provision that permits a franchisor to refuse to renew a franchise without fairly compensating the franchisee by repurchase or other means for the fair market value at the time of expiration of the franchisee's inventory, supplies, equipment, fixtures, and furnishings. Personalized materials which have no value to the franchisor and inventory, supplies, equipment, fixtures, and furnishings not reasonably required in the conduct of the franchise business are not subject to compensation. This subsection applies only if: (i) The term of the franchise is less than 5 years and (ii) the franchisee is prohibited by the franchise or other agreement from continuing to conduct substantially the same business under another trademark, service mark, trade name, logotype, advertising, or other commercial symbol in the same area subsequent to the expiration of the franchise or the franchisee does not receive at least 6 months advance notice of franchisor's intent not to renew the franchise.
- (e) A provision that permits the franchisor to refuse to renew a franchise on terms generally available to other franchisees of the same class or type under similar circumstances. This section does not require a renewal provision.
- (f) A provision requiring that arbitration or litigation be conducted outside this state. This shall not preclude the franchisee from entering into an agreement, at the time of arbitration, to conduct arbitration at a location outside this state.
- (g) A provision which permits a franchisor to refuse to permit a transfer of ownership of a franchise, except for good cause. This subdivision does not prevent a franchisor from exercising a right of first refusal to purchase the franchise. Good cause shall include, but is not limited to:
 - (i) The failure of the proposed transferee to meet the franchisor's then current reasonable qualifications or standards.
 - (ii) The fact that the proposed transferee is a competitor of the franchisor or subfranchisor.
 - (iii) The unwillingness of the proposed transferee to agree in writing to comply with all lawful obligations.
 - (iv) The failure of the franchisee or proposed transferee to pay any sums owing to the franchisor or to cure any default in the franchise agreement existing at the time of the proposed transfer.
- (h) A provision that requires the franchisee to resell to the franchisor items that are not uniquely identified with the franchisor. This subdivision does not prohibit a provision that grants to a franchisor a right of first refusal to purchase the assets of a franchise on the same terms and conditions as a bona fide third party willing and able to purchase those assets, nor does this subdivision prohibit a provision that grants the

franchisor the right to acquire the assets of a franchise for the market or appraised value of such assets if the franchisee has breached the lawful provisions of the franchise agreement and has failed to cure the breach in the manner provided in subdivision (c).

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

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

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

Any questions regarding this notice should be directed to:

State of Michigan
Department of Attorney General
CONSUMER PROTECTION DIVISION
Attention: Franchise Section
G. Mennen Williams Building, 1st Floor
525 West Ottawa Street
Lansing, Michigan 48913
Telephone Number: (517) 373-7117

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ITEM 1 FRANCHISOR AND ANY PARENTS, PREDECESSORS AND AFFILIATES

To simplify the language in this Disclosure Document, “we,” “us” and “the Company” mean Success Franchising, LLC - the franchisor. “You” means the person who buys a SUCCESS Space franchise - the franchisee, and includes your partners if you are a partnership, your shareholders if you are a corporation, and your members if you are a limited liability company.

A “SUCCESS Space Facility” or “Facility” refers to the franchised business offered under this Disclosure Document, and includes any SUCCESS Space Facility operated by us, our affiliate, you or another franchisee.

Corporate Information

Success Franchising, LLC is a Delaware limited liability company that was organized on January 12, 2021. Our principal business address is located at 750 N. St. Paul St., Suite 250, Dallas, Texas 75201 and our telephone number is (800) 570-6414. Our agent for service of process is disclosed in EXHIBIT "B" to this Disclosure Document. We do not do business under any names other than “Success Franchising, LLC” and our trade name “Success Space”.

Business History

We began offering franchises for SUCCESS Space Facilities in 2021. We began offering franchises for an area representative business (an “Area Representative Business”) in 2023. We are not engaged in any business other than offering franchises for SUCCESS Space Facilities and Area Representative Businesses and administering the franchise system. We have never offered franchises in any other line of business. We have never owned and operated a SUCCESS Space Facility or Area Representative Business.

We offer franchises for an Area Representative Business under a separate Disclosure Document. As of December 31, 2022 we had not sold any area representative franchises. A franchisee that operates an Area Representative Business is referred to as an “Area Representative”. Area Representatives provide a variety of services, including:

- soliciting, screening and recruiting prospective franchisees
- developing, training, servicing and supporting franchisees with the development and operation of SUCCESS Space Facilities
- inspecting and monitoring SUCCESS Space Facilities to ensure compliance with our standards and requirements

Area Representatives provide these services within a defined development territory. In exchange for these services, we pay each Area Representative commissions based on fees we collect from franchisees located in their development territory. Area Representatives are also required to establish and operate at least 1 SUCCESS Space Facility. Area Representatives operate under the same trademarks licensed to SUCCESS Space Facilities. If you purchase a franchise within an Area Representative’s development territory, the Area Representative may provide you with certain initial and ongoing training, support and other assistance. Our current Area Representatives are listed in EXHIBIT "G".

Predecessors, Parents and Affiliates

We do not have any predecessors. We have the following direct and indirect parent companies:

| PARENT COMPANIES | | |
|-----------------------------|---|----------------------------|
| Name | Principal Business Address | Direct or Indirect Parent? |
| Success World Holdings, LLC | 750 N. St. Paul St., Suite 250 Dallas, Texas 75201 | Direct |
| eXp World Holdings, Inc. | 2219 Rimland Drive, Suite 301 Bellingham, Washington 98226 | Indirect |

We do not have any affiliates that: (a) offer (or have ever offered) franchises in this or any other line of business; or (b) provide goods or services to our franchisees.

Our affiliate, Success Space Limited, LLC, has developed and operates a complimentary business model for a limited-scope membership-based shared workspace facility that: (a) operates under the SUCCESS Space trademarks; (b) operates in conjunction with a SUCCESS Space Facility; (c) provides members with access to temporary workspace; (d) does not include a café or provide members with access to certain amenities that are only available at a full-service SUCCESS Space Facility; and (e) may not require onsite management or supervision by an employee, manager or representative (a “Limited Services Facility”). Neither we nor any of our affiliates currently offer franchises or licenses for Limited Services Facilities. Limited Services Facilities discussed in more detail below in Item 1 and in Item 12 of this Disclosure Document.

Description of Franchised Business

SUCCESS Space is a membership-based shared workspace facility designed for entrepreneurs, small business owners and other individuals seeking a convenient and flexible co-workspace solution. Our Facilities offer members a variety of flexible rental options combined with access to onsite professional business coaching, virtual communication technology (including 2 media rooms with virtual communications technology used to conduct virtual meetings and podcasts), a limited-service café and various other amenities.

Properties include private and open workspaces as well as meeting rooms for business, social and training events. Members can rent workspace by the minute (billed in 15-minute segments), hour, day, week, month or year. Each Facility includes a café, open to the public, that offers and sells fresh brewed and specialty coffees, pastries, sandwiches, salads, snacks, beer and wine (where allowed by law), and a variety of retail items. SUCCESS Space Facilities provide members with access to professional development and coaching services through a SUCCESS[®] Certified Coach[™] that offices onsite. Members also enjoy access to mail reception services, enhanced Wi-Fi, video capabilities and virtual meeting technology.

SUCCESS Space Facilities operate through a membership model. Individuals must purchase a membership, and pay the associated monthly membership fee, in order to access any areas or amenities within the Facility other than the café (which is accessible to the general public). The membership entitles the member to access any participating SUCCESS Space Facility (not just the Facility from which the member purchases the membership). The member utilizes a specially assigned bar code to rent private workspace or utilize certain amenities, such as a conference room or media room. The membership tracking software (which is a component of our proprietary SUCCESS Spaceware business management platform) tracks the amount of time the private workspace is rented and integrates with our designated point-of-sale system for purposes of billing the member and processing payment.

If we sell you a franchise, you will develop and operate a SUCCESS Space Facility from a site that must be approved by us. This Disclosure Document may refer to the Facility you establish and operate as your “Business,” your “SUCCESS Space Facility” or your “Facility”. Your Facility will benefit from a variety of revenue streams, including membership fees, office and event space rental fees, café food and beverage sales, virtual technology rental fees and income from SUCCESS coaching offerings.

You must sign a franchise agreement (the “Franchise Agreement”) and operate your Facility in accordance with the terms of the Franchise Agreement. The form of Franchise Agreement is attached to this Disclosure Document as EXHIBIT "C". Under the Franchise Agreement, we grant you a license to use certain logos, service marks and trademarks, including “SUCCESS,” “SUCCESS Space,” “SUCCESS COACHING” and the associated logos (collectively, the “Marks”). The “Marks” also include any distinctive trade dress used to identify a SUCCESS Space Facility, whether now in existence or created in the future.

We have developed a proprietary business format and system for the operation of a SUCCESS Space Facility (the “System”). Distinctive characteristics of the System include, among other things:

- SUCCESS Space designs, furniture, fixtures and equipment

- site selection and layout criteria
- distinctive interior and exterior design, décor, signage, color scheme and other trade dress elements
- proprietary and nonproprietary products
- quality, distinctiveness and uniformity of products and services
- standards, specifications, policies and procedures for Facility construction, management and operations
- membership model
- proprietary SUCCESS Spaceware business management platform
- training programs
- advertising and promotional programs

The operational aspects of a SUCCESS Space Facility are contained within our confidential Brand Standards Manual (the “Manual”). You will operate your Facility as an independent business using the Marks, the System and the support, guidance and other methods and materials that we make available to you.

The Limited Services Facility concept described above was developed to compliment traditional SUCCESS Space Facilities and maximize market penetration and use by members. Every SUCCESS Space member is permitted to rent workspace at any Limited Services Facility. Limited Services Facilities do not issue memberships to members. All memberships are issued by traditional SUCCESS Space Facilities. If any SUCCESS Space member rents space at a Limited Services Facility that is located within your territory, our affiliate will pay you a revenue share equal to 10% of the total Usage Revenues that our affiliate collects from the member. “Usage Revenues” refers to the total amount of revenues our affiliate collects from members based upon their usage of workspace within any Limited Services Facility that is located within your territory, excluding: (a) sales tax, use tax and any other tax our affiliate collects from members; and (b) amounts our affiliate collects but subsequently refunds to members. You must provide members using the Limited Services Facility with reasonable “virtual” access to your Business Coach (defined in Item 15 of this Disclosure Document) in accordance with our policies.

Area Development Rights

If you satisfy our criteria for multi-unit developers, we may (but need not) offer you the right to enter into an Area Development Agreement (an “ADA”). The ADA grants you the right and obligation to establish and operate multiple SUCCESS Space Facilities within a defined “development territory” according to a predetermined “development schedule”. You must open and operate all of the Facilities identified in the development schedule. We only grant area development rights to franchisees that commit to open and operate a minimum of 3 SUCCESS Space Facilities. A copy of our current form of ADA is attached to this Disclosure Document as EXHIBIT "D". You will sign a separate franchise agreement for each Facility you establish under the ADA. Each franchise agreement will be our then-current form of franchise agreement, which may differ from the current Franchise Agreement attached to this Disclosure Document.

Market and Competition

The target market for the goods and services offered by a SUCCESS Space Facility includes entrepreneurs, small business owners, flex workers, telecommuters and other individuals seeking a convenient and flexible co-workspace solution. The target market for the café is the general public. The market for local flexible office providers, co-working facilities, meeting and training facilities, and flexible office alternatives is developing and demand for these services is growing. We do not expect sales to be seasonal, although we have not confirmed this fact because no Facilities have been open a full year as of the issuance date of this Disclosure Document.

You will compete primarily with other co-working facilities, meeting and training facilities, executive suites, coffee shops and retail businesses that offer services and products comparable to those offered by a SUCCESS Space Facility. Most competitors are independently owned and operated, but others operate through regional or national chains (a few operate under a franchise model). Unlike most shared workspace competitors, SUCCESS

Space Facilities will generally be located in suburban retail areas, which allows them to offer members a convenient and accessible shared workspace solution closer to where they live. We believe the unique blend of services and amenities offered by SUCCESS Space Facilities also provides a competitive advantage.

Laws and Regulations

You must comply with all federal, state and local laws applicable to your Business, including any required licensure or other regulatory requirements. The Americans with Disabilities Act of 1990 requires readily accessible accommodations for disabled people and may affect your building construction, site design, entrance ramps, doors, seating, bathrooms, drinking facilities, etc. Your Facility also must comply with any applicable local zoning and land use laws. There are a number of industry-specific laws that may apply to your Business, including laws regulating:

- the collection, use and disbursement of security deposits
- the eviction of tenants
- the collection, use and sharing of customer data
- the preparation, marketing and sale of food and beverage products
- the handling of mail

Certain commercial leasing laws may require that you maintain security deposits in a separate account. These laws may also affect your ability to keep security deposits and require that you follow certain procedures for returning security deposits. Commercial leasing laws may restrict your ability to evict tenants under certain circumstances and/or require that you follow certain statutory procedural requirements in order to effectuate a lawful eviction. In response to the COVID-19 pandemic, some state and local municipalities have enacted laws that restrict a commercial property owner's right to evict a tenant for nonpayment of rent or to take possession of and sell a tenant's property to cover past due rent.

You must comply with federal, state and local health and sanitation laws and licensure requirements applicable to food establishments, including laws that require food handlers to have certain inoculations and/or food service permits. Health laws are intended, in part, to reduce food borne illnesses and may cover such issues as: requiring employees to take a test and obtain a license as a food service worker; having accessible sinks and bathrooms; inspections for cleanliness and compliance; equipment cleaning; food preparation standards and protocols; standards for storage and packaging of food items; refrigeration; and similar matters. You must comply with all laws governing the sale of alcoholic beverages (including liquor licensing laws).

The United States Department of Agriculture and the Food and Drug Administration regulate the manufacture, labeling and distribution of food products. There may also be state and local ordinances and regulations governing food storage, preparation and serving. The Food and Drug Administration also regulates menu labeling for restaurants that are part of a chain of 20 or more restaurants operating under the same name, regardless of ownership. Some laws impose general requirements or restrictions on advertising containing false or misleading claims, or health and nutrient claims on menus, such as "low calorie" or "fat free."

You are responsible for understanding and complying with all state and federal data privacy laws, such as the Gramm-Leach-Bliley Act, the Fair Credit Reporting Act, the Telephone Consumer Protection Act, the Fair and Accurate Credit Transactions Act, the National Automated Clearinghouse Association, General Data Protection Regulation and all related regulations. You must ensure the form of membership or other service agreement you use complies with all applicable laws.

SUCCESS Space Facilities offer clients a number of amenities, including mail reception services. There are federal laws and agency rules promulgated by the U.S. Postal Service governing commercial facilities that handle or receive mail, including the U.S. Postal Service's Commercial Mail Receiving Agency rules.

There may be other local, state and/or federal laws or regulations that apply to your Business. We strongly suggest that you investigate these laws before buying this franchise.

ITEM 2 BUSINESS EXPERIENCE

Chief Executive Officer: Glenn Sanford

Glenn Sanford has served as our Chief Executive Officer since our inception in January 2021. He founded EXP Realty, LLC in Bellingham, Washington in July 2008 and has served as its Chairman, CEO, Treasurer, Secretary and Director since March 2013.

Chief Legal Counsel: James Bramble

James Bramble has served as our Chief Legal Counsel since our inception in January 2021. During the prior 5 years, he has also held the following positions:

| Employer | Location | Title | Period of Time |
|-----------------------------|--------------------|--|----------------------|
| eXp World Holdings, Inc. | Bellingham, WA | General Counsel and Corporate Secretary | Mar 2019 to present |
| USANA Health Sciences, Inc. | Salt Lake City, UT | Chief Legal Officer, General Counsel and Corporate Secretary | Feb 1998 to Feb 2019 |

President: Ted Laatz

Ted Laatz has served as our President since our inception January 2021. During the prior 5 years, he has also held the following positions:

| Employer | Location | Title | Period of Time |
|--------------------------|----------------|--------------------------------|----------------------|
| Success Enterprises, LLC | Dallas, TX | Chief Operating Officer | Mar 2021 to Jan 2022 |
| eXp World Holdings, Inc. | Bellingham, WA | VP of Affiliated Services | Apr 2019 to May 2020 |
| Virbela | Bellingham, WA | VP of Events & Affiliate Sales | Apr 2020 to Dec 2020 |
| eXp Realty, LLC | Tampa, FL | eXp Broker | Jun 2017 to Apr 2019 |

VP of Franchise Operations: John Hamilton

John Hamilton has served as our VP of Franchise Operations since June 2021. During the prior 5 years, he has also held the following positions:

| Employer | Location | Title | Period of Time |
|--------------------|-----------|------------------------------|----------------------|
| Dunkin Brands Inc. | Canon, MA | Business Development Manager | Oct 2017 to Jun 2021 |

Head of Franchise Sales: Tina Gantz, CFE

Tina Gantz has served as our Head of Franchise Sales since August 2023. During the prior 5 years, she has also held the following positions:

| Employer | Location | Title | Period of Time |
|---------------------------------|------------------|--------------------------------------|----------------------|
| FranchiseWell, LLC | Stafford, VA | Sr. Franchise Development Consultant | Aug 2023 to present |
| District Franchising | Falls Church, VA | VP of Franchise Development | Apr 2022 to Aug 2023 |
| Global Franchise Associates LLC | Falls Church, VA | Founder, CEO | Jul 2005 to Apr 2022 |
| Keller Williams Realty | Falls Church, VA | Real Estate Sales Person | Mar 2016 to Dec 2018 |

Franchise Advisor: Dr. Ben Litalien, Certified Franchise Executive

Dr. Litalien has served as our Franchise Advisor since our inception in January, 2021. During the prior 5 years, he has also held the following positions:

| Employer | Location | Title | Period of Time |
|---|-----------------|---|-----------------------|
| Franchise Well, LLC | Stafford, VA | Founder & Principal | Oct 2008 to present |
| Georgetown University | Washington, DC | Adjunct Instructor (developed and taught franchise management certificate program) | Sep 2008 to present |
| University of Maryland Global Campus | Adelphi, MD | Adjunct Associate Professor | Oct 2010 to present |
| Daddy's Chicken Shack Franchising, LLC | Stafford, VA | Chief Development Officer | Feb 2021 to present |
| POS Franchising, LLC | Stafford, VA | Chief Development Officer | Nov 2022 to present |
| BidExecs Franchising, LLC | Stafford, VA | Chief Development Officer | Sep 2019 to Dec 2021 |
| Zerorez Franchising System, Inc. | Stafford, VA | Chief Development Officer | Sep 2012 to Aug 2017 |
| | | Director | Sep 2017 to Dec 2021 |
| Brain Balance Holdings, Inc. | Stafford, VA | Director | Jun 2016 to present |
| JIBU Holdings, LLC | Stafford, VA | Director | Jan 2014 to present |
| Malawi's Franchise Development Company, LLC | Stafford, VA | President | Oct 2017 to Nov 2018 |
| | | Chief Development Officer | Jan 2014 to Nov 2018 |
| SWAT Franchise Development, LLC | Stafford, VA | Chief Development Officer | Sep 2017 to Jan 2019 |
| Institute of Certified Franchise Executives | Stafford, VA | Board Member | Nov 2015 to Sep 2019 |

Area Representatives

The employment history of our Area Representatives is disclosed in EXHIBIT "G".

ITEM 3 LITIGATION

No litigation is required to be disclosed in this Item.

Any litigation required to be disclosed about an Area Representative is disclosed in EXHIBIT "G".

ITEM 4 BANKRUPTCY

No bankruptcy is required to be disclosed in this Item.

Any bankruptcy required to be disclosed about an Area Representative is disclosed in EXHIBIT "G".

ITEM 5 INITIAL FEES

Initial Franchise Fee

You pay us a nonrefundable \$45,000 initial franchise fee at the time you sign the Franchise Agreement. In 2022 we waived the initial franchise fee for our first franchisee and provided a 50% discount on the initial franchise fee for the 2nd franchise purchased by another franchisee. The initial franchise fee is uniformly imposed except as disclosed above.

Initial Training Fee

You pay us a nonrefundable initial training fee of \$12,500 in consideration of the pre-opening initial training program we conduct for your Managing Owner, Designated Manager and Business Coach (each defined in Item 15 of this Disclosure Document). This fee covers the SUCCESS Space Coaching Certification Program for the Managing Owner and 1 Business Coach. You must pay us an additional \$2,500 training fee for each additional person that attends our SUCCESS Space Coaching Certification Program prior to opening. We anticipate most franchisees will only send 1 Business Coach to our SUCCESS Space Coaching Certification Program before opening. The initial training fee is due prior to commencement of training. In 2022 we waived the initial training fee for certain franchisees. The initial training fee is uniformly imposed except as disclosed above.

Technology Fee

We currently charge a nonrefundable technology fee of \$1,650 per month, which includes:

- access to our proprietary SUCCESS Spaceware business management platform (includes integration with point-of-sale software, QuickBooks Online, payment processing software and SUCCESS Coaching App)
- access to our Learning Management System called “SUCCESS Spaceware Academy”
- access to our cowork / membership platform
- email accounts for you and your staff
- participation in our call center program with digital phone line
- hosting of any website we choose to establish for your Business

We begin charging the fee 1 month prior to opening (so you pay us \$1,650 in technology fees prior to opening). In 2021 we waived the pre-opening technology fee to be paid by a franchisee. Technology fees are uniformly imposed except as disclosed above.

Pre-Opening Marketing Fee

Approximately 60 days prior to your opening date, you must pay us a \$15,000 pre-opening marketing fee, which we will use to implement your grand opening marketing campaign. Your grand opening marketing campaign covers pre-opening marketing and grand opening marketing (which may last for 60 days after opening). We will not retain any portion of this fee. Any unapplied portion of the pre-opening marketing fee will be refunded to you (the fee is otherwise nonrefundable). Some franchisees may choose to spend more than \$15,000 on their grand opening marketing campaign. The pre-opening marketing fee is uniformly imposed. However, we agreed to reimburse the \$15,000 pre-opening marketing fee for the initial group of franchisees that signed franchise agreements and qualified under our Founder’s Club program, which is no longer being offered.

Development Fee

If you sign an ADA, you pay us a \$45,000 initial franchise fee for each Facility you commit to develop under the ADA. At the time you sign the ADA, you will pay us the full \$45,000 initial franchise fee for your first Facility and a nonrefundable development fee equal to 10% of the total initial franchise fee (i.e., \$4,500) for each additional Facility you commit to develop under the ADA. For example, if you purchase the right to develop 5 Facilities, you pay us the full \$45,000 initial franchise for your first Facility plus a development fee equal to \$18,000 (\$4,500 X 4) for the right to develop the 4 additional Facilities under the ADA. We anticipate most area developers will purchase the right to develop between 3 and 5 Facilities, which results in development fees ranging from \$9,000 to \$18,000.

You must pay us the remaining balance of the initial franchise fee (i.e., \$40,500) for each additional Facility at the time you sign the Franchise Agreement for that Facility. However, if we terminate your ADA due to your default, you will not be required to pay the remaining balance of the initial franchise fee for any Facility for which a Franchise Agreement had not been signed as of the date of termination.

The development fee is uniformly imposed except as disclosed above.

ITEM 6 OTHER FEES

| TYPE OF FEE ¹ | AMOUNT | DUE DATE | REMARKS |
|--|--|---|---|
| Royalty Fee | Greater of (a) 6% of monthly Gross Sales ² or (b) \$1,000 per month | 10 th day of month for prior month's operations | See Note 3. |
| Brand Fund Fee | Up to 1% of monthly Gross Sales ² (not currently charged) | Same as royalty fee | See Note 4. |
| Local Marketing Commitment | Up to greater of (a) 10% of monthly Gross Sales ² or (b) \$10,000 per month (currently lesser of (a) 7% of monthly Gross Sales ² or (b) \$10,000 per month) | As incurred | See Note 5. |
| Cooperative Advertising Fee | Up to 1% of monthly Gross Sales ² (not currently charged) | Same as royalty fee | See Note 6. |
| Training Fee | Up to \$500 per day (plus expense reimbursement for onsite training) | 10 days after invoice | See Note 7. |
| SUCCESS Space Coaching Certification Fee | \$2,500 per person (for training completed within 12 months of signing Franchise Agreement) or \$5,000 per person (for training completed more than 12 months after signing Franchise Agreement) | Prior to training | See Note 8. |
| Conference Registration Fee | Up to \$1,000 per attendee per conference | 10 days after invoice | See Note 9. |
| Technology Fee | Varies (currently \$1,650 per month) | 10 th day of month or as otherwise specified by us | See Note 10. |
| Purchase of Products and Services | Varies depending on item purchased | 10 days after invoice | We currently license SUCCESS Spaceware in exchange for the technology fee. Neither we nor any affiliate is currently a supplier for any other items purchased by franchisees, but we may designate ourselves or our affiliates as suppliers for other goods and services in the future. |
| New Product or Supplier Testing | Actual costs we incur to test the product or supplier | 10 days after invoice | This covers the costs of testing new products or inspecting new suppliers you propose. |
| Renewal Fee | 35% of then-current (non-discounted) initial franchise fee | At time you sign Renewal Agreement | None. |

| TYPE OF FEE ¹ | AMOUNT | DUE DATE | REMARKS |
|-------------------------------------|---|-----------------------|--|
| Transfer Fee | <i>[Franchise Agreement]</i> \$25,000 | At time of transfer | Payable when you transfer or sell your franchise. No charge if franchise transferred to an entity you control or for certain transfers of ownership interests between existing owners. If the buyer is found by a broker we engage, you must also reimburse us for all commissions we pay to the broker. |
| | <i>[ADA]</i> Greater of (a) \$5,000 or (b) our actual costs incurred relating to the transfer | | |
| Reimbursement of Reinspection Costs | All costs we incur to travel to and inspect your Facility | 10 days after invoice | Payable if we inspect your Facility to determine if you remedied (a) a health or safety issue identified by a government agency or (b) breach of system standards we bring to your attention. |
| Audit Fee | Actual cost of audit (including travel and lodging expenses for audit team) | 10 days after invoice | Payable only if audit (a) reveals you understated Gross Sales by at least 2% or (b) is necessary because you fail to furnish required information or reports to us in a timely manner. |
| Late Fee | \$50 plus default interest at lesser of (a) 24% per annum (prorated on daily basis) or (b) highest rate allowed by applicable law | 10 days after invoice | If we debit your account but there are insufficient funds, or a check you issue is returned due to insufficient funds, then we may charge (in addition to the late fee) an NSF fee of \$50 per incident. |
| Fines | Up to \$500 per incident | Upon demand | Payable if you fail to comply with a mandatory standard or operating procedure (including timely submission of required reports) and do not cure within the time period we require. We may impose an additional fine for every 24 hours the non-compliance issue remains uncured after we impose the initial fine. We will deposit all fines into the brand fund (once established). |
| Default Reimbursements | All costs we incur to cure your default | 10 days after invoice | If you fail to cure a breach of the Franchise Agreement or our brand standards in the time period we require, we may take steps to cure on your behalf. If we do so, you must reimburse us for our costs (examples include failure to maintain required insurance, failure to pay suppliers and failure to meet quality or safety standards). |
| Indemnification | Amount of damages, losses or expenses we incur | 10 days after invoice | You must indemnify and reimburse us for any damages, losses or expenses we incur as a result of the operation of your Facility or your breach of the Franchise Agreement. |
| Attorneys' Fees and Costs | Amount of attorneys' fees we incur | Upon demand | You must reimburse us for all attorneys' fees and other costs we incur relating to your breach of any term of the Franchise Agreement or any other agreement. |

| TYPE OF FEE ¹ | AMOUNT | DUE DATE | REMARKS |
|--------------------------|--|-----------------------|---|
| Liquidated Damages | Ranges from \$30,000 to \$100,000 (See Note 11) | 15 days after invoice | Payable if (a) we terminate the Franchise Agreement due to your default or (b) you terminate the Franchise Agreement without cause or in violation of the terms of the Franchise Agreement. See Note 11 for the formula used to calculate liquidated damages. |

Notes:

- All fees are imposed by and payable to us except: (a) we may collect cooperative advertising fees and transfer them to the applicable cooperative; and (b) you spend the Local Marketing Commitment directly with third-party suppliers. All fees are nonrefundable and uniformly imposed. You must establish a designated banking account from which we will electronically debit all amounts you owe (other than fees due within 15 days after signing the Franchise Agreement). You must submit information about your designated banking account to us through our secure portal. You must deposit all Gross Sales into the bank account and ensure sufficient funds available for withdrawal before each due date. You must reimburse us for all taxes imposed on us or that we must collect and pay by reason of the furnishing of products, intangible property (including trademarks) or services to you.
- “Gross Sales” means the total amount of gross revenues charged, invoiced or collected from all goods and services sold or otherwise provided at, within, from or through your Facility, including rent, membership fees, coaching fees, charges for the use of amenities and technology, proceeds from the sale of food, beverages and merchandise and all other revenues you generate in any way related to your Business (including any business interruption insurance proceeds), whether in the form of cash, check, credit card, debit card, barter, exchange or otherwise, and regardless of collection. Any amounts we collect and pay you for servicing a National Account (defined in Item 11) client are included in Gross Sales. “Gross Sales” does not include sales or use taxes or amounts refunded to customers in bona fide refund transactions. We may establish policies governing the manner in which proceeds from the sale of gift cards are treated for purposes of calculating Gross Sales. The Manual may also provide details on the calculation of Gross Sales relating to qualifying purchases and redemptions by members under any customer loyalty program we establish.
- We may independently poll your point-of-sale system to generate Gross Sales reports. Upon request, you must also provide us with monthly Gross Sales reports, certified by you as to accuracy and completeness.
- We may, but need not, establish and maintain a brand and system development fund to promote public awareness of our brand and improve our System. As of the issuance date of this Disclosure Document, we have not yet formed the fund or begun collecting brand fund fees. We do not intend to establish the fund until we have a minimum of 25 SUCCESS Space Facilities open and operating. You will have no voting rights pertaining to the administration of the fund, the creation and placement of the marketing materials or the amount of the required contribution.
- In addition to your monthly brand fund fee, you must spend the minimum amount we specify each month on local advertising (your “Local Marketing Commitment”). You spend these amounts directly with third-party suppliers. As of the issuance date of this Disclosure Document, the Local Marketing Commitment is the lesser of (a) 7% of monthly Gross Sales or (b) \$10,000 per month. We may adjust the Local Marketing Commitment from time to time on at least 30 days’ prior notice, but in no event will it exceed the greater of: (a) 10% of monthly Gross Sales; or (b) \$10,000 per month.
- We may establish regional advertising cooperatives for purposes of pooling advertising funds to be used in discrete regions. We may either: (a) collect cooperative advertising fees and remit them to the applicable cooperative; or (b) require you to pay these fees directly to the cooperative. Cooperative

advertising fees are uniformly imposed on all Facilities in the cooperative, including company-owned Facilities. We may set the minimum cooperative advertising fee, which may be increased by majority vote of all members of the cooperative (but will not exceed the maximum amount specified in the table above). Each member is entitled to one (1) vote for each Facility that is owned by the member and located in the cooperative. We and our affiliates will be members of the cooperative (and have the same voting rights as franchisees) with respect to company-owned Facilities located in the cooperative. However, if the majority of Facilities in the cooperative are company-owned Facilities, we will not increase the cooperative advertising fee without the majority vote of all franchisee members. All cooperative advertising fees you pay are credited towards your Local Marketing Commitment. There were no advertising cooperatives in effect as of December 31, 2022.

7. Before you open, we will provide our initial training program in exchange for \$5,000 of the \$12,500 initial training fee. We may charge you an additional training fee of up to \$500 per day for the following:
- each person that attends our initial training program after you open your Facility (such as a new Managing Owner or Designated Manager)
 - each person who must retake training after failing a prior attempt
 - any remedial training we require based on your operational deficiencies
 - each person to whom we provide additional training that you request
 - each person who attends any system-wide or additional training we conduct

If we agree to provide onsite training or assistance, you must also reimburse us for all costs incurred by our representative for meals, travel and lodging (this reimbursement obligation does not apply to any onsite training that is part of our pre-opening initial training program). You are responsible for all expenses and costs your trainees incur while training, including wages, travel, lodging and living expenses. We will not charge you a training fee for any pre-recorded online virtual training program.

8. All of your Business Coaches must attend and successfully complete our SUCCESS Space Coaching Certification Program. \$7,500 of the \$12,500 initial training fee covers SUCCESS Space Coaching Certification training for the Managing Owner and 1 Business Coach. You must pay us the additional fee listed in the table above for each additional person that attends our SUCCESS Space Coaching Certification Program.
9. We may hold periodic national or regional conferences to discuss business and operational issues affecting franchisees. We may designate attendance as mandatory or optional. If you fail to attend a mandatory conference, we may still charge you the conference registration fee. You are also responsible for all expenses and costs the attendees incur, including wages, travel, lodging and living expenses.
10. You must acquire and utilize all information and communication technology systems we specify from time to time (the “Technology Systems”). The “technology fee” includes all amounts you pay us and/or our affiliates relating to the Technology Systems, including amounts paid for proprietary items and amounts we collect from you and remit to third-party suppliers based on your use of their systems, software, technology or services. Although we do not currently do so, we reserve the right to include within the technology fee a commercially reasonable administrative fee to compensate us for the time, money and resources we invest in administering the technology platform and the associated constituent components, negotiating with third-party licensors and managing those relationships, and collecting and remitting technology fees owed to third-party licensors on behalf of franchisees under master license arrangements. The amount of the technology fee may change based on changes to the Technology Systems or the prices charged by third-party suppliers with whom we enter into master agreements. The technology fee does not include any amounts you pay directly to third-party suppliers for any component of the Technology Systems.

As of the issuance date of this Disclosure Document, we charge a technology fee of \$1,650 per month, which covers:

- access to our proprietary SUCCESS Spaceware business management platform (includes integration with point-of-sale software, QuickBooks Online, payment processing software and SUCCESS Coaching App)
- access to our Learning Management System called “SUCCESS Spaceware Academy”
- access to our cowork / membership platform
- email accounts for you and your staff
- participation in our call center program with digital phone line
- hosting of any website we choose to establish for your Business

In addition to the technology fee (which is paid to us) you must pay licensing fees to third-party licensors of various software and Apps, including our designated point-of-sale software (for the café), QuickBooks Online and payment processing software.

11. Liquidated damages are calculated by multiplying (a) the combined average monthly royalty fee and brand fund fee (without regard to any fee waivers or other reductions) imposed on you during the period of time commencing on your opening date and ending on the effective date of termination of the Franchise Agreement and (b) the lesser of (i) 36 or (ii) the total number of full months remaining under the term of the Franchise Agreement as of the effective date of termination. However, in all cases the minimum amount of liquidated damages will be \$30,000 (even if \$30,000 is greater than the amount calculated by applying the formula above) and the maximum amount of liquidated damages will be \$100,000 (even if \$100,000 is less than the amount calculated by applying the formula above).

ITEM 7 ESTIMATED INITIAL INVESTMENT

| YOUR ESTIMATED INITIAL INVESTMENT (SINGLE FACILITY) | | | | |
|--|------------------------|-------------------|--|----------------------------------|
| TYPE OF EXPENDITURE ¹ | AMOUNT | METHOD OF PAYMENT | WHEN DUE | TO WHOM PAYMENT IS TO BE MADE |
| Initial Franchise Fee | \$45,000 | Lump sum | At time you sign Franchise Agreement | Us |
| Initial Training Fee ² | \$12,500 to \$15,000 | Lump sum | Prior to training | Us |
| Training Expenses (3 people while training) | \$1,000 to \$3,000 | As incurred | During training | Hotels, restaurants and airlines |
| Lease Deposit & 3 Months' Rent ³ | \$40,000 to \$100,000 | Lump sum | Monthly (lease deposit paid before opening) | Landlord |
| Architectural Services | \$7,500 to \$25,000 | As incurred | Before opening | Architect |
| Leasehold Improvements & Construction ⁴ | \$125,000 to \$750,000 | As incurred | Before opening | Contractors and suppliers |
| Construction Management ⁵ | \$12,500 to \$18,000 | As incurred | As incurred | Project Management Company |
| Furnishings, Fixtures & Equipment ⁶ (excluding Technology Systems) | \$48,000 to \$185,000 | As incurred | Before opening | Suppliers |
| Signage & Graphics ⁷ | \$7,500 to \$27,500 | Lump sum | Before opening | Suppliers |
| Technology Systems ⁸ | \$34,500 to \$64,000 | As incurred | Before opening | Suppliers |

| YOUR ESTIMATED INITIAL INVESTMENT (SINGLE FACILITY) | | | | |
|---|--------------------------|-------------------|---|--|
| TYPE OF EXPENDITURE ¹ | AMOUNT | METHOD OF PAYMENT | WHEN DUE | TO WHOM PAYMENT IS TO BE MADE |
| Pre-Opening Technology Fees ⁹ | \$1,650 | As incurred | Monthly (first installment due prior to opening) | Us |
| Opening Inventory ¹⁰ | \$6,000 to \$14,500 | Lump sum | Before opening | Suppliers |
| Pre-Opening / Grand Opening Marketing ¹¹ | \$15,000 | Lump sum | 60 days before and 60 days after opening | Us |
| Utility Deposits | \$2,500 to \$4,000 | As incurred | Before opening | Utility companies |
| Business Licenses & Permits | \$2,500 to \$4,000 | As incurred | Before opening | Government agencies |
| Professional Fees ¹² | \$7,500 to \$20,000 | Lump sum | Before opening | Lawyers, accountants & business advisors |
| Insurance (12-month premium) | \$5,000 to \$7,500 | Lump sum | Before opening | Insurance companies |
| Additional Funds ¹³ (3 months) | \$95,000 to \$125,000 | As incurred | As incurred | Suppliers, employees and us |
| Total Estimated Initial Investment ¹⁴ | \$468,650 to \$1,424,150 | | | |

| YOUR ESTIMATED INITIAL INVESTMENT (AREA DEVELOPMENT - ASSUMES COMMITMENT OF 3 TO 5 FACILITIES) | | | | |
|---|--------------------------|--|----------------------|-------------------------------|
| TYPE OF EXPENDITURE ¹ | AMOUNT | METHOD OF PAYMENT | WHEN DUE | TO WHOM PAYMENT IS TO BE MADE |
| Development Fee ¹⁵ | \$9,000 to \$18,000 | Lump sum | At time you sign ADA | Us |
| Initial Investment to Open First Facility | \$468,650 to \$1,424,150 | This is the total estimated initial investment in the table above. | | |
| Total Estimated Initial Investment | \$477,650 to \$1,442,150 | | | |

Notes:

1. We do not offer direct or indirect financing for any of these items. We will refund any portion of the pre-opening marketing fee we do not use to implement your grand opening marketing campaign (which includes pre-opening marketing and grand opening marketing). No other amounts payable to us are refundable. We are unaware of any fees payable to third-party suppliers that are refundable, although some landlords refund security deposits at the end of the lease if the tenant does not default or damage the property.
2. The low estimate assumes you only send your Managing Owner and 1 Business Coach to the SUCCESS Space Coaching Certification Program. The high estimate assumes you send your Managing Owner and 2 Business Coaches to the SUCCESS Space Coaching Certification Program, which requires a \$2,500 additional training fee.
3. This estimate assumes you will lease your premises. Rent varies depending on the size of the premises, its

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location, landlord contributions, and the requirements of individual landlords. We anticipate that most SUCCESS Space Facilities will range in size from 4,500 to 5,500 square feet with monthly rent ranging from \$10,000 to \$25,000 per month. However, your actual rent may vary significantly above or below this range depending on your area and local market conditions. For example, you may face significantly higher rent in areas such as New York City, San Francisco or Boston. Landlords typically require security deposits equal to 1 or 2 months' rent and may, in addition, require payment in advance of the first and/or last (or more) month's rent. Most landlords require a personal guarantee for the lease. The total estimated initial investment shown in the chart above includes 1 month's security plus 3 months' rent. Some franchisees may prefer to own the premises for their SUCCESS Space Facility. The cost to purchase real estate varies so widely that we cannot reasonably estimate the cost.

4. This estimates the cost of constructing/building out the interior finish of an existing building shell. For construction in a "vanilla shell", be aware that additional costs for electrical panels, sprinkler system and HVAC expansion may not be included in the assumed state of the property. The cost of leasehold improvements and build-out varies widely based on a number of factors, including the size and condition of the premises, cost of materials, market conditions, whether or not there are any existing leasehold improvements and whether the landlord will contribute to the cost of the improvements. These costs can also be affected by the prevailing wage rate in your local market and local demand for construction services. This item estimates leasehold improvement costs in a typical market. The costs may be higher in select markets such as New York City, San Francisco or Boston. For purposes of preparing this estimate, we assumed you will not receive any landlord contributions towards leasehold improvements (although it is common practice for landlords to contribute towards leasehold improvement costs). If you receive a tenant improvement allowance from your landlord to cover a portion of leasehold improvement costs, your initial investment may decrease by the amount of the allowance.
5. You must hire a project management company to oversee the development of your Facility.
6. This estimate includes the cost for your furnishings, fixtures and equipment (other than the Technology Systems). It includes all required kitchen equipment for the café, including specialty coffee makers, coolers, prep tables and storage shelving. It also includes furniture for the cowork spaces, reception area and dining area, light fixtures and bathroom items. Your total cost will vary depending on the size of your Facility, vendor pricing, shipping costs, technician costs and similar variables.
7. You must purchase and install the signage and graphics we specify. However, you may need to modify our standard signage to conform to local zoning laws, property use restrictions and/or lease terms. We must approve all such modifications before you sign a lease for the premises.
8. This includes your initial cost to purchase, install and configure your Technology Systems, including:
 - computer and point-of-sale system (\$11,000 to \$15,000)
 - virtual communications rooms technology for 2 rooms (\$6,000 to \$12,000)
 - camera and security system (\$3,500 to \$15,000)
 - digital wall monitors/system (\$14,000 to \$22,000)

These ranges include the costs to design, acquire and install these systems (including low voltage cabling and high-speed Internet access).

9. We charge a \$1,650 monthly technology fee for access to various software and technology we provide. You begin paying us this fee 1 month prior to opening.
10. Your opening inventory will largely consist of café related items, including a 2-week supply of food items, small wares, paper goods, retail items and sundry items. Other inventory items include brochures, marketing materials and other operating materials and supplies. We must approve all food, beverage, merchandise and other retail items you intend to sell at your Facility.

11. You must pay us a \$15,000 pre-opening marketing fee. We will use these funds to implement your grand opening marketing campaign, which includes pre-opening marketing and as well as your grand opening. Grand opening marketing campaign expenditures typically begin 60 days before opening and end 60 days after opening. You have the option, but not the obligation, to spend more than the \$15,000 minimum on your grand opening marketing campaign.
12. You should consider hiring an attorney and accountant to assist you in reviewing this Disclosure Document, evaluating the franchise opportunity and developing a business plan. You may also want to hire a reputable company to perform a thorough market analysis of your proposed market.
13. This estimates your expenses during the first 3 months of operation, including payroll costs (excluding any wages or salary paid to the franchise owners), inventory replenishment, marketing costs, utilities, technology fees and other miscellaneous expenses and required working capital. We have not included or accounted for any fees that are calculated as a percentage of revenues. Your initial 3 months of rent is separately stated in the table above. These figures are estimates based on our experience and data collected from our consultants.
14. These figures are estimates based on our experience and data collected from our consultants. You may have additional expenses starting your Business.
15. See Item 5 for a discussion of the calculation of the development fee. This initial investment estimate assumes you purchase the right to develop either 3 Facilities (low estimate) or 5 Facilities (high estimate). If you purchase the right to develop more than 5 Facilities, your development fee will increase by an additional \$3,000 for each additional Facility you commit to develop in excess of 5. This estimate does not include the cost to open any Facility other than the first Facility you develop under the ADA.

ITEM 8 RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

Source Restricted Purchases and Leases - Generally

You must purchase or lease certain “source restricted” goods and services for the development and ongoing operation of your Business. By “source restricted”, we mean the good or service must meet our specifications (or must be a specific brand or model) and/or must be purchased from an approved or designated supplier (in some cases, an exclusive designated supplier, which may be us or our affiliate). The Manual includes our specifications and list of approved and designated suppliers. We will notify you within 30 days of any changes to our specifications or list of approved or designated suppliers. We may notify you of these changes in various ways, including written or electronic correspondence, verbal or telephonic notification, amendments or updates to the Manual, bulletins, or other means of communication.

Supplier Criteria

Our criteria for evaluating a supplier include standards for quality, delivery, performance, design, appearance and price of the product or service as well as the dependability, reputation and financial viability of the supplier. Upon your request, we will provide you with any objective specifications pertaining to our evaluation of a supplier, although certain important subjective criteria (e.g., product appearance, taste, design, functionality, etc.) are important to our evaluation but cannot be described in writing.

If you want to purchase or lease a source restricted item from a non-approved supplier, you must send us a written request for approval and submit any additional information we request. We may require that you send us samples from the supplier for testing. We may also require that we be allowed to inspect the supplier’s facilities. We will notify you of our approval or disapproval within 30 days after we receive your request for approval and all additional information and samples we require. We may re-inspect the facilities and products of an approved supplier and revoke our approval if the supplier fails to meet any of our then-current criteria. You must reimburse us for all costs we incur to review suppliers you propose and test their products.

Current Source Restricted Items

We estimate that 90%-100% of the total purchases, leases and operating expenses required to establish and operate your Facility will consist of source restricted goods and services, as further described below.

Lease

If you lease the premises for your Facility, you must use your best efforts to ensure your landlord signs the Lease Addendum attached to the Franchise Agreement as ATTACHMENT "C". We may review the terms of your lease but do not provide you with any lease negotiations support. We strongly recommend you hire an experienced commercial real estate attorney to help you review your lease and negotiate with your landlord.

Design and Construction Services

We will provide you with our standard construction manual and build-out package, including prototypical plans and specifications, site criteria and sample site plans. You must hire an architect to prepare initial design plans and detailed construction plans, each of which must be: (a) consistent with our construction manual and build-out package materials; and (b) approved by us as meeting our system standards. Once approved, you must construct and equip your Facility according to the approved plans as well as the specifications contained in the Manual. Your architect and general contractor must be appropriately licensed and bonded (if required by applicable law) and must be approved by us.

Project Management Services

You must hire a company to provide project management services to manage and help coordinate the buildout, construction and development of your Facility. You may use our recommended supplier for these services or any other supplier we approve.

Fixtures, Furnishings and Décor

All of your fixtures, furnishings and décor must meet our standards and specifications and be purchased from suppliers we designate or approve.

Technology Systems

Your Technology Systems (including hardware, software, equipment, software applications, mobile apps and similar items) must meet our standards and specifications, including your computer and point-of-sale system, security system, music system and audio-visual system. Substantially all of the components of your Technology Systems must be purchased from approved or designated suppliers, although certain components may be purchased or licensed from any supplier of your choosing (for example, off-the-shelf software such as Microsoft Office). We may also require that you purchase certain services relating to your Technology Systems only from approved or designated suppliers, including services relating to the establishment, use, maintenance, monitoring, security or improvement of your Technology Systems. You must use a supplier we designate or approve to install your audio-visual system and provide music video services. You must license our proprietary SUCCESS Spaceware business management platform exclusively from us and sign the associated Software License Agreement attached to this Disclosure Document as EXHIBIT "I"-3.

Operating Equipment (excluding Technology Systems)

All of your operating equipment (including all kitchen equipment) must meet our standards and specifications and be purchased from suppliers we designate or approve.

Signage & Graphics

All of your interior and exterior signage and graphics must meet our standards and specifications and be purchased from suppliers we designate or approve.

Operating Supplies

You must purchase certain operating supplies that meet our standards and specifications, such as stationery, contracts, forms, bags, packaging, etc. Certain operating supplies must be purchased from approved or designated suppliers (such as branded bags and packaging materials) while other operating supplies may be purchased from any supplier of your choosing (for example, cleaning supplies).

Small Wares

You must purchase small wares that meet our standards and specifications. You may purchase these items from any supplier of your choosing.

Inventory

All of your inventory must meet our standards and specifications, including fountain and bottled beverages, food products and retail items. You must purchase these items only from approved or designated suppliers. You may not utilize any inventory items we have not approved.

Marketing Materials and Services

All marketing and promotional materials must comply with our standards and requirements. We must approve all marketing materials prior to use. You must purchase branded marketing materials only from suppliers we designate or approve. You must use suppliers we designate to implement your grand opening marketing campaign and/or provide social media marketing on your behalf. Currently, we require that you pay us a \$15,000 pre-opening marketing fee. We utilize these funds to implement your grand opening marketing campaign (including by contracting with third-party suppliers of advertising and marketing supplies and services).

Payment Processing

You must comply with the payment processing procedures we establish from time to time. You must accept credit cards to facilitate sales and the collection of membership fees and dues. Your Facility must accept Visa, MasterCard, Discover and American Express.

Insurance Policies

You must obtain all insurance coverage we require (whether in the Franchise Agreement or in the Manual). You must obtain these insurance policies from insurance carriers that have an A.M. Best Rating of not less than A-VII and are licensed and admitted in the state in which your Facility is located. The required coverage currently includes:

| Policy Type | Minimum Coverage |
|--|--|
| “All risk” Property Insurance | Full Replacement Value (excluding foundation & excavation costs) |
| Comprehensive General Liability Insurance | \$1,000,000 per occurrence and \$2,000,000 in the aggregate |
| Professional Liability Insurance | \$1,000,000 per occurrence |
| Automobile Liability Insurance | \$1,000,000 per occurrence |
| Liquor Liability Insurance | \$1,000,000 per occurrence |
| Cyber Liability Insurance | \$1,000,000 per occurrence |
| Commercial Umbrella Insurance | \$1,000,000 per occurrence |
| Business Interruption Insurance | At least 50% of annual sales or 12 months’ actual loss sustained |
| Employment Practices Liability Insurance | \$1,000,000 per occurrence |
| Worker’s Comp & Employer Liability Insurance | As required by law (minimum of \$1,000,000 per occurrence) |

| Policy Type | Minimum Coverage |
|-----------------------------|----------------------|
| Landlord-Required Insurance | As required by lease |

The required coverage and policies are subject to change. All insurance policies must be endorsed to: (a) name us (and our members, officers, directors, and employees) as additional insureds; (b) contain a waiver by the insurance carrier of all subrogation rights against us; and (c) provide that we receive 10 days' prior written notice of the termination, expiration, cancellation or modification of the policy.

Purchase Agreements

We may, but need not, negotiate relationships with suppliers to provide franchisees with discounted pricing. If we succeed, you may purchase these items at the discounted prices we negotiate (less any rebates or other consideration paid to us). We may purchase items in bulk and resell them to you at our cost plus a reasonable markup (your total cost to purchase the items from us will not exceed your total cost to purchase the items directly from the supplier without the benefit of our group purchasing power). As of the issuance date of this Disclosure Document, we have not negotiated any purchase agreements (including pricing terms) with suppliers.

You do not receive any material benefits for using designated or approved suppliers other than having access to any discounted pricing that we negotiate. Currently there are no purchasing cooperatives, although we may establish them in the future.

Franchisor Revenues from Source Restricted Purchases

We are currently the exclusive designated supplier for our proprietary franchise management software. No person affiliated with us is currently an approved (or the only approved) supplier. We may designate ourselves and/or our affiliates as approved or designated suppliers for other items in the future. There are currently no approved or designated suppliers in which any of our officers owns an interest.

We may receive rebates, payments or other material benefits from suppliers based on franchisee purchases and we have no obligation to pass them on to our franchisees or use them in any particular manner. As of the issuance date of this Disclosure Document, we do not have any relationships with suppliers that involve rebates, payments or other material benefits based on franchisee purchase or leases. Our Area Representatives do not currently receive any rebates, payments or other material benefits from suppliers based on franchisee purchases or leases.

During the fiscal year ended December 31, 2022, neither we nor any of our affiliates received any revenue as a result of franchisee purchases or leases of goods or services from designated or approved suppliers (including purchases of goods or services from us or our affiliates).

ITEM 9 FRANCHISEE'S OBLIGATIONS

This table lists your principal obligations under the Franchise Agreement (FA), Area Development Agreement (ADA), Software License Agreement (SLA) and other agreements. It will help you find more detailed information about your obligations in these agreements and other items in this Disclosure Document.

| OBLIGATION | SECTIONS IN AGREEMENT | DISCLOSURE DOCUMENT ITEM |
|---|-----------------------|--------------------------|
| a. Site selection and acquisition/lease | FA: §7.1 & 7.2 | Item 7 & Item 11 |
| | ADA: §4.2 | |
| | SLA: Not Applicable | |

| OBLIGATION | SECTIONS IN AGREEMENT | DISCLOSURE DOCUMENT ITEM |
|--|---|----------------------------------|
| b. Pre-opening purchases/leases | FA: §7.3, 11.8 & 14.1 | Item 5, Item 7, Item 8 & Item 11 |
| | ADA: Not Applicable | |
| | SLA: §5(a) & <u>Attachment A</u> | |
| c. Site development and other pre-opening requirements | FA: §7.3 & 7.4 | Item 6, Item 7 & Item 11 |
| | ADA: §4.2 | |
| | SLA: Not Applicable | |
| d. Initial and ongoing training | FA: §5 | Item 6 & Item 11 |
| | ADA: Not Applicable | |
| | SLA: Not Applicable | |
| e. Opening | FA: §7.4 | Item 11 |
| | ADA: §4.1 | |
| | SLA: Not Applicable | |
| f. Fees | FA: §4.2, 5.7, 6.2, 6.8, 10.1, 10.3(b), 10.4, 11.8, 11.10, 11.16, 12, 14.1, 15 & 18.2 | Item 5 & Item 6 |
| | ADA: §5 & 7.2 | |
| | SLA: §5 & <u>Attachment A</u> | |
| g. Compliance with standards and policies/Operating Manual | FA: §6.1, 7.1, 7.3, 10.3, 11 & 16.1 | Item 11 |
| | ADA: §4.2 | |
| | SLA: §2(b) | |
| h. Trademarks and proprietary information | FA: §16 | Item 13 & Item 14 |
| | ADA: §2 | |
| | SLA: §6 & 7 | |
| i. Restrictions on products/services offered | FA: §11.3 | Item 16 |
| | ADA: Not Applicable | |
| | SLA: §2(b) | |
| j. Warranty and client service requirements | FA: §11.14 | Not Applicable |
| | ADA: Not Applicable | |
| | SLA: Not Applicable | |
| k. Territorial development and sales quotas | FA: Not Applicable | Item 12 |
| | ADA: §4.1 | |
| | SLA: Not Applicable | |
| l. Ongoing product/service purchases | FA: §11.8 | Item 8 |
| | ADA: Not Applicable | |
| | SLA: Not Applicable | |

| OBLIGATION | SECTIONS IN AGREEMENT | DISCLOSURE DOCUMENT ITEM |
|--|-----------------------|--------------------------|
| m. Maintenance, appearance and remodeling requirements | FA: §11.9 & 11.11 | Item 11 |
| | ADA: Not Applicable | |
| | SLA: Not Applicable | |
| n. Insurance | FA: §14.1 | Item 6 & Item 7 & Item 8 |
| | ADA: Not Applicable | |
| | SLA: Not Applicable | |
| o. Advertising | FA: §10 | Item 6, Item 7 & Item 11 |
| | ADA: Not Applicable | |
| | SLA: Not Applicable | |
| p. Indemnification | FA: §17 | Item 6 |
| | ADA: Not Applicable | |
| | SLA: §9 | |
| q. Owner's participation/ management/staffing | FA: §8 | Item 11 & Item 15 |
| | ADA: Not Applicable | |
| | SLA: Not Applicable | |
| r. Records/reports | FA: §14.2 & 14.3 | Item 6 |
| | ADA: Not Applicable | |
| | SLA: Not Applicable | |
| s. Inspections/audits | FA: §15 | Item 6 & Item 11 |
| | ADA: Not Applicable | |
| | SLA: Not Applicable | |
| t. Transfer | FA: §18 | Item 17 |
| | ADA: §7 | |
| | SLA: §12(j) | |
| u. Renewal | FA: §4 | Item 17 |
| | ADA: §4.4 | |
| | SLA: Not Applicable | |
| v. Post termination obligations | FA: §20 | Item 17 |
| | ADA: Not Applicable | |
| | SLA: §11(c) & 11(d) | |
| w. Non-competition covenants | FA: §13 | Item 17 |
| | ADA: Not Applicable | |
| | SLA: Not Applicable | |

| OBLIGATION | SECTIONS IN AGREEMENT | DISCLOSURE DOCUMENT ITEM |
|---|-------------------------|--------------------------|
| x. Dispute resolution | FA: §21 | Item 17 |
| | ADA: §8.3 | |
| | SLA: §12(h) | |
| y. Franchise Owner Agreement (brand protection covenants, transfer restrictions and financial assurance for owners and spouses) | FA: §9 & ATTACHMENT "D" | Item 17 |
| | ADA: Not Applicable | |
| | SLA: Not Applicable | |

ITEM 10 FINANCING

We do not offer direct or indirect financing. We do not guarantee any of your notes, leases or obligations.

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

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

Before you open your Facility, we will:

1. Provide access to our Manual, which will help you establish and operate your Business. See Section below entitled "Manual" for additional information. (§6.1)
2. Provide our standard construction manual and build-out package, including prototypical plans and specifications, site criteria and sample site plans. See Section below entitled "Site Development" for additional information. (§7.3)
3. Provide our written specifications for the goods and services you must purchase to develop, equip and operate your Facility, as well as a written list of approved and/or designated suppliers for purposes of acquiring these goods and services. (§11.2)
4. Assist you in formulating your initial orders for equipment, inventory and supplies. However, we do not deliver or install any items you purchase. (§7.3)
5. Approve the location, build-out and design of your Facility. See Section below entitled "Site Development" for additional information. (§7.1, 7.3 & 7.4)
6. Assist you in developing your grand opening marketing plan. See Section below entitled "Advertising and Marketing" for additional information. (§10.3(b))
7. Implement your grand opening marketing plan utilizing the \$15,000 pre-opening marketing fee paid to us. See Section below entitled "Advertising and Marketing" for additional information. (§10.2)
8. Provide an initial training program. See Section below entitled "Training Program" for additional information. (§5)

During the operation of your Facility, we will:

1. Provide ongoing guidance and recommendations on ways to improve the marketing and operation of your Facility. (§6.4)
2. License you the right to utilize SUCCESS Spaceware. We may discontinue use of SUCCESS Spaceware at any time. See Section below entitled "Computer System" for additional information. (§6.2)
3. Provide periodic training programs. See Section below entitled "Training Program" for additional

information. (§5)

4. Maintain a corporate website to promote the SUCCESS Space brand. We can modify or discontinue this website at any time in our sole discretion. See Section below entitled “Advertising and Marketing” for additional information. (§6.6 & 10.3(g))
5. Provide our suggested retail pricing. You may deviate from our suggested retail pricing in your discretion. However, to the extent permitted by applicable law, we reserve the right to: (a) set maximum or minimum prices on the goods and services you sell; and (b) specify the membership fees you charge. (§11.6)

During the operation of your Facility, we may, but need not:

1. Establish and implement the brand and system development fund. See Section below entitled “Advertising and Marketing” for additional information. (§10.1)
2. Conduct periodic field visits to provide onsite consultation, assistance and guidance pertaining to the operation and management of your Facility. (§6.3)
3. Negotiate purchase agreements with suppliers to allow you to purchase certain goods or services at discounted prices. We may also purchase items in bulk at discounted prices and resell them to you at our cost plus shipping and a reasonable markup. (§6.8)
4. Negotiate contracts with National Account clients to generate additional business for SUCCESS Space Facilities. See Section below entitled “National Accounts” for additional information. (§6.9)
5. Hold periodic national or regional conferences to discuss business and operational issues affecting franchisees, including industry changes, new services and/or merchandise, marketing strategies, merchandising strategies and the like. (§5.6)
6. Upon your request, provide additional training or assistance (either at our headquarters or at your Facility). See Section below entitled “Training Program” for additional information. (§5)

We do not provide area developers with any support under their ADA.

Training Program (§5)

Overview

We will provide an initial training program for your Managing Owner and Designated Manager. You may send other owners and employees to the initial training program, but it is not required. We will also provide our SUCCESS Space Coaching Certification Program for your Business Coach and Managing Owner. Before you open your Facility: (a) your Managing Owner and Designated Manager must successfully complete the initial training program to our satisfaction; and (b) your Business Coach must successfully complete the SUCCESS Space Coaching Certification Program to our satisfaction. However, there is no specific period of time after signing or before opening that training must be completed.

Our initial training program includes 3 to 5 days of training that takes place at our designated training facility. Currently, we do not have a designated training facility. If you attend training before we have a designated training facility, we will provide the initial training program onsite at your Facility.

Our initial training program also includes approximately 36 hours of virtual training conducted through our Learning Management Platform. All virtual training must be successfully completed by your Managing Owner and Designated Manager prior to attending training at our designated training facility (or onsite at your Facility if we do not have a designated training facility at that time).

We intend to offer the initial training program on an “as needed” basis to accommodate the number of franchisees needing training.

Training Topics

The initial training program consists of the following:

TRAINING PROGRAM

| SUBJECT | HOURS OF CLASSROOM TRAINING | HOURS ON THE JOB TRAINING | LOCATION |
|---------------------------------|------------------------------------|----------------------------------|-----------------------------|
| Introduction / Orientation | 2 | 0 | Virtual |
| History / Philosophy of Success | 2 | 0 | Virtual |
| Industry Breakdown | 2 | 0 | Training Facility & Virtual |
| Strategy / Goal Setting | 2 | 0 | Training Facility & Virtual |
| Policies & Procedures | 2 | 1 | Training Facility & Virtual |
| Operations | 6 | 4 | Training Facility & Virtual |
| Financial Management | 2 | 2 | Training Facility & Virtual |
| Technology | 2 | 4 | Training Facility & Virtual |
| Marketing | 2 | 4 | Training Facility & Virtual |
| Vendors / Suppliers | 2 | 1 | Training Facility & Virtual |
| Customer Service | 2 | 3 | Training Facility & Virtual |
| Grand Opening | 2 | 3 | Training Facility & Virtual |
| Support | 2 | 1 | Training Facility & Virtual |
| Emergency Procedures | 2 | 1 | Training Facility & Virtual |
| Total | 32* | 24 | |

* Includes 32 hours of virtual training. The specific training topics may differ for your Managing Owner and Designated Manager.

Training Materials

The training materials include the Manual and other written materials. We do not charge you for these materials.

Instructors

Dolores Cadena is in charge of our training program. Dolores joined us in 2021 and currently serves as our Franchise Training and Business Consultant. She provides instruction on all topics. Dolores brings over 25 years of experience as a Multi-Unit Subway Franchisee. We may use additional or substitute instructors as needed, at our discretion. Any such additional or substitute instructors would have at least 3 years of experience relevant to the subject taught.

Ongoing Training

From time to time, we may require that your Managing Owner, Designated Manager and/or Business Coach attend system-wide refresher or additional training courses. Each Business Coach must successfully complete our SUCCESS Space Coaching Certification Program and all periodic recertification training programs we require. Any new Managing Owner or Designated Manager you appoint must attend and successfully complete our then-current initial training program. If we conduct an inspection of your Facility and determine you are not operating in compliance with the Franchise Agreement and/or the Manual, we may require that your Managing Owner, Designated Manager and/or Business Coach attend remedial training relevant to the operational deficiencies. You may also request that we provide additional training (either at our designated training center or at your Facility). We are not required to provide additional training you request.

Training Fees and Costs

You must pay us a \$12,500 initial training fee prior to commencement of initial training. If you send more than 1 Business Coach to our SUCCESS Space Coaching Certification Program, we will charge an additional training fee of \$2,500 per person (for training conducted within 12 months after signing the Franchise Agreement) or \$5,000 per person (for training conducted more than 12 months after signing the Franchise Agreement). We may also charge you an additional training fee of up to \$500 per day for each person:

- who attends our initial training program after you open (such as a new Managing Owner or Designated Manager)
- who retakes training after failing a prior attempt
- who attends any remedial training we require based on your operational deficiencies
- to whom we provide additional training you request
- who attends any system-wide refresher, supplemental or additional training program we conduct

If we agree to provide onsite training or assistance at your Facility, you must also reimburse us for all costs incurred by our representative for meals, travel and lodging (this reimbursement obligation does not apply to any preopening initial training we conduct onsite at your Facility). You are responsible for all expenses and costs your trainees incur for training, including wages, travel and living expenses.

Manual (§6.1, 11.2 & 23.8)

We will provide access to our Manual in text or electronic form. The Manual may include, among other things:

- prototypical plans and specifications, site criteria and sample site plans for a SUCCESS Space Facility (which comprise our construction manual)
- a description of the authorized goods, services and amenities that you may offer, sell or otherwise make available at your Facility
- specifications, operating procedures, and quality standards
- reporting and insurance requirements
- policies and procedures for catering and delivery services (to the extent we permit these services)
- policies and procedures pertaining to System programs such as gift card, loyalty or membership programs
- policies and procedures pertaining to marketing and advertising
- policies and procedures relating to data ownership, protection, sharing and use
- a list of (a) the goods and services (or specifications for goods and services) you must purchase to develop and operate your Facility and (b) any designated or approved suppliers for these goods and services

The Manual is designed to establish and protect our brand standards and the uniformity and quality of the goods and services offered by our franchisees. All mandatory provisions contained in the Manual are binding on you. We can modify the Manual at any time, but the modifications will not alter your status or fundamental rights under the Franchise Agreement. Any modification to the Manual is effective at the time we notify you of the change. However, we may provide you with a reasonable period of time to implement certain changes (for example, implementing new software or technology). The Manual is confidential and remains our property. The Manual contains a total of 147 pages. A copy of the Table of Contents to the Manual is attached to this Disclosure Document as EXHIBIT "E".

Site Development (§7.1, 7.2, 7.3, 7.5 & 11.11)

A typical SUCCESS Space Facility ranges in size from 4,500 to 5,500 square feet. Most Facilities are located in high traffic premium retail centers located in suburban retail areas. We do not select the site for your Facility and we do not purchase the premises and lease it to you. You must identify and obtain our approval of the site for your Facility within 120 days after signing the Franchise Agreement. If you fail to do so, we may terminate

your Franchise Agreement. If you diligently attempt to identify and obtain our approval of the site for your Facility within 120 days after signing the Franchise Agreement but circumstances outside your control prevent you from doing so, you may request that we grant you an extension of this deadline. Your request must be in writing, describe the reasons for the delay and indicate when you expect to provide us with a proposed site for our consideration. We will not unreasonably withhold our approval of your extension request.

Your Facility must be located within the Site Selection Area identified in Part B of ATTACHMENT "A" to the Franchise Agreement (the "Site Selection Area") and conform to our minimum site selection criteria. Unless you propose a different Site Selection Area that we approve, your Site Selection Area will consist of the county in which the Managing Owner resides. You must send us a complete site report for your proposed site (containing all demographic, commercial and other information, photographs and video tapes we reasonably require).

We will use our best efforts to approve or disapprove sites you propose within 30 days after we receive all of the requisite materials. Your site is deemed disapproved if we fail to issue our written approval within the 30-day period. In reviewing a proposed site, we may consider factors such as:

- lot size and configuration
- parking accommodations and ratios established by local zoning ordinances
- traffic counts
- existence and location of competitive businesses
- general location and character of the neighborhood
- local demographic information
- various economic indicators

If we approve your site before signing the Franchise Agreement, we will list the address of your approved site in Part C of ATTACHMENT "A" to the Franchise Agreement. If we do not approve your site before signing, we will send you a Site Approval Notice (in the form attached to the Franchise Agreement as ATTACHMENT "B") within 15 days after approving your site, which will list the address of your approved site and identify your Territory.

If you lease the premises for your Facility, we may review the terms of your lease but do not provide you with any lease negotiations support. You must use your best efforts to ensure your landlord signs the Lease Addendum attached to the Franchise Agreement as ATTACHMENT "C". If your landlord refuses to sign the Lease Addendum in substantially the form attached to the Franchise Agreement, we may either (a) waive the Lease Addendum requirement (or the provisions disapproved by the landlord) or (b) require that you find a new site for your Facility. The terms of the Lease Addendum are designed to protect our interests. For example, the landlord must notify us of your defaults, offer us the opportunity to cure your defaults, allow us to take an assignment of your lease in certain situations, permit us to enter the premises to remove items bearing our Marks if you refuse to do so and give us a right of first refusal to lease the premises upon the expiration or termination of your lease.

We will provide you with our standard construction manual and build-out package for a SUCCESS Space Facility, including prototypical plans and specifications, site criteria and sample site plans. You must hire an architect to prepare the initial design plans for your Facility (consistent with our construction manual and build-out package materials). We must approve the design plans to ensure they are consistent with our system standards. Once approved, your architect must prepare detailed construction plans. The architect must ensure the construction plans: (a) are consistent with our construction manual and build-out package materials and the approved design plans; (b) satisfy all required standards and specifications in the Manual; and (c) comply with all federal, state and local ordinances, building codes, permit and lease requirements and restrictions applicable to the premises. You must submit the final construction plans to us for approval. Our review is limited to ensuring that the construction plans are consistent with our system standards. Once approved, you must, at your sole expense, construct and equip the premises according to the approved construction plans as well as the

specifications contained in the Manual. You must also purchase (or lease) and install the equipment, fixtures, signs and other items we require. We will assist you in formulating your initial orders for these items. We must approve the architect and general contractor you use.

You must remodel and make all improvements and alterations to your Facility that we reasonably require from time to time to reflect our then-current standards and specifications. We will not require you to significantly remodel your Facility more than once during any 5-year period, except as a condition to transfer or renewal. There are no other limitations on the cost or frequency of these remodeling obligations. You may not remodel or significantly alter your premises without our prior approval.

If you sign an ADA, we must approve the site of each Facility you develop. We will apply our then-current site selection criteria in approving or disapproving the sites you propose.

Computer System (§6.7, 11.8, 11.9, 11.10, 14.3 & 15.1)

Required Components

You must purchase and use all Technology Systems we designate from time to time. Our required Technology Systems may include computer systems, point-of-sale systems, webcam systems, telecommunications systems, security systems, music systems, and similar systems, together with the associated hardware, software (including cloud-based software) and related equipment, software applications, mobile apps and third-party services relating to the establishment, use, maintenance, monitoring, security or improvement of these systems. One component of our Technology Systems is your “computer system,” which consists of the following items:

- 1 desktop or laptop computer (Windows or Apple) with high-speed business class Internet service
- 1 or more tablets
- Microsoft Office
- QuickBooks Online
- SUCCESS Spaceware business management platform
- SUCCESS Spaceware Academy (Learning Management System)
- Point-of-sale system software
- Payment processing software
- Cowork / membership platform
- SUCCESS Coaching App

We may change the components of the Technology Systems from time to time, including your computer system.

Email Addresses

We will provide you with one or more email addresses for use with your Business. You must exclusively use the email addresses we provide for all communications with us, customers, suppliers and other persons relating to your Business. You may not use any email address we provide for any purpose unrelated to your Business. We own the email addresses and accounts but allow you to use them during the term of your Franchise Agreement.

How Computer System Is Used

The computer system will be used for a variety of purposes, including:

- accounting
- preparing business and financial reports
- processing and recording payments by customers
- inventory management

- administering any customer loyalty and/or gift card program we implement
- engaging in email communications
- accessing the membership portal
- tracking members and their rental of workspace and use of other amenities

The SUCCESS Spaceware business management platform helps you manage your Business by: (a) allowing you to access, measure and track key performance indicators, business transactions and other operational data through a dashboard; and (b) integrating with our other required software and systems (including point-of-sale software, QuickBooks Online, payment processing software and SUCCESS Coaching App).

Fees and Costs

We estimate the initial cost of your computer system (including any associated upfront license fees, setup fees, software training fees, data migration fees, etc.) will range from \$11,000 to \$15,000.

As further detailed in Item 6, you must pay us a technology fee for certain software, technology and related services that we provide. As of the issuance date of this Disclosure Document, we charge a technology fee of \$1,650 per month (\$19,800 per year), which includes:

- access to our proprietary SUCCESS Spaceware business management platform (includes integration with point-of-sale software, QuickBooks Online, payment processing software and SUCCESS Coaching App)
- access to our Learning Management System called “SUCCESS Spaceware Academy”
- access to our cowork / membership platform
- email accounts for you and your staff
- participation in our call center program with digital phone line (if and when established by us)
- hosting of any website we choose to establish for your Business

The table below identifies the ongoing fees and costs you must pay for the software, technology, Apps, subscriptions and related services:

| COMPUTER SYSTEM – ONGOING FEES AND COSTS | | | |
|---|---|-------------------------|----------------------|
| Item | Fee (Monthly) | Fee (Annual) | To Whom Paid? |
| SUCCESS Spaceware | \$400 (Included with Technology Fee) | \$4,800 | Us |
| Learning Management System | \$100 (Included with Technology Fee) | \$1,200 | Us |
| Cowork / Membership Platform | \$750 (Included with Technology Fee) | \$9,000 | Us |
| Email Accounts | \$100 (Included with Technology Fee) | \$1,200 | Us |
| Call Center Digital Phone Line | \$50 (Included with Technology Fee) | \$600 | Us |
| Website Hosting | \$250 (Included with Technology Fee) | \$3,000 | Us |
| QuickBooks Online* | \$70 | \$840 | Third-Party Supplier |
| Payment Processing Software | Transaction Based Fee** | Transaction Based Fee * | Third-Party Supplier |

| COMPUTER SYSTEM – ONGOING FEES AND COSTS | | | |
|--|---|---|------------------------------|
| Item | Fee (Monthly) | Fee (Annual) | To Whom Paid? |
| Total | \$1,720 plus applicable payment process fee | \$20,640 plus applicable payment processing fee | Us and Third-Party Suppliers |

* Technology fee includes cost for integration of QuickBooks Online with SUCCESS Spaceward but does not include the monthly licensing fee for QuickBooks Online, which you separately pay to the licensor.

** You do not pay fixed licensing fees for the payment processing software and related services. Instead, you pay a processing fee calculated as a percentage of the total payment processed for each transaction.

Maintenance, Support, Updates and Upgrades

The \$1,650 monthly technology fee includes all required maintenance, support and updates for: (a) SUCCESS Spaceware; (b) the Learning Management System; and (c) the call center digital phone line.

The licensor of the cowork / membership platform charges additional fees for any required maintenance and support (the current rate is \$175 per hour).

The company that hosts the website for your Business charges additional fees for maintenance and support (the current rate is \$80 per hour).

Except as otherwise disclosed above: (a) neither we nor any other party has any obligation to provide ongoing maintenance, repairs, upgrades or updates to your computer system; and (b) we are not aware of any optional or required maintenance, updating, upgrading or support contracts relating to your computer system.

Collection and Sharing of Data

Your computer system will collect a variety of data regarding your members, including names, contact information, credit card information, rental history, purchase history and membership details. It will also collect operational and employee data pertaining to sales, inventory, labor, scheduling, accounting and financial reports. We will have independent unlimited access to the data collected on your computer system and there are no contractual limits imposed on our access.

We will own all data collected relating to your operations and customers. We will grant you a license to use this data solely for purposes of operating your Facility. You must protect all customer data with a level of control proportionate to the sensitivity of data. You must comply with all applicable data protection laws as well as our data processing and data privacy policies set forth in the Manual from time to time. You must also comply with the standards established by PCI-DSS (the Payment Card Industry Data Security Standard) to protect the security of credit card information.

Computer System Maintenance and Changes

You must maintain the computer system in good condition at your cost. We may require that you upgrade or update your computer system and other Technology Systems to conform to our then-current specifications. There are no contractual limitations on the frequency or cost of these updates or upgrades.

Advertising and Marketing (§10)

You must participate at your own expense in all advertising, promotional and marketing programs we require. You must direct all of your marketing and advertising efforts within your Designated Marketing Area. Your “Designated Marketing Area” or “DMA” will consist of the same geographic area that comprises your Site Selection Area (discussed above under the Section entitled “Site Development”). We will also provide you with certain advertising and marketing support as further discussed below. There is currently no franchisee

advertising council that advises us on marketing and advertising matters.

Grand Opening Marketing

You must pay us a \$15,000 pre-opening marketing fee. We spend these funds to implement your grand opening marketing campaign on your behalf.

Ongoing Local Marketing By You

After opening, you must spend the minimum amount we specify each month on local advertising (i.e., your Local Marketing Commitment). As of the issuance date of this Disclosure Document, the Local Marketing Commitment is equal to the lesser of: (a) 7% of monthly Gross Sales; or (b) \$10,000 per month. We may adjust the Local Marketing Commitment from time to time on at least 30 days' prior notice. However, in no event will your Local Marketing Commitment exceed the greater of: (a) 10% of your Gross Sales; or (b) \$10,000 per month. We will measure your compliance with the Local Marketing Commitment on a rolling 6-month basis, meaning as long as your average monthly expenditure on local advertising over the 6-month period equals or exceeds your Local Marketing Commitment, you will be deemed in compliance even if your expenditure in any given month is less than the minimum Local Marketing Commitment.

Certain expenditures specified in the Manual will not count towards your Local Marketing Commitment, such as salaries or other compensation paid to your employees, charitable or political contributions, the value of discounts given to consumers and other credits not approved by us in advance. The pre-opening marketing fee and brand fund contributions are not credited towards your Local Marketing Commitment. All cooperative advertising fees you pay will be credited towards your Local Marketing Commitment.

You may develop your own advertising and marketing materials and programs, provided we approve them in advance. We must also approve the media you intend to use. You may not use any advertising materials, programs or media that we have not approved. We have 15 days to review and approve or disapprove advertising and marketing materials and programs you submit for approval. Our failure to approve them within the 15-day period constitutes our disapproval.

Local Marketing Assistance From Us

We may create advertising and marketing materials for your use. We may use the brand and system development fund to pay for the creation and distribution of these materials, in which case there will be no additional charge. We may make these materials available over the Internet (in which case you must arrange for printing the materials and paying all printing costs). Alternatively, we may enter into relationships with third-party suppliers who will create the advertising or marketing materials for your purchase.

We will provide reasonable marketing consulting, guidance and support throughout the franchise term on an as needed basis. We are not required to spend any of our funds on advertising in your territory.

Websites, Social Media and Digital Advertising

We may, but need not, create and host a local webpage that includes information about your Facility. Except for any local webpage we provide, you may not: (a) develop, host, or otherwise maintain a website or other digital presence relating to your Facility (including any website bearing our Marks); or (b) utilize the Internet to conduct digital or online advertising or otherwise engage in ecommerce. However, we do permit you to market your Facility through approved social media channels, subject to the following requirements:

- you may only conduct social media utilizing the social media platforms that we approve
- you must strictly comply with our social media policy (as revised from time to time)
- you must immediately remove any post we disapprove (even if it complies with our social media policy)
- we may require that you utilize a supplier we designate for social media marketing services
- you must provide us with full administrative rights to your social media accounts

- we will own all of your social media accounts and domain names

Advertising Cooperatives

We may, but need not, form advertising cooperatives for the benefit of all Facilities located in a particular region. We will determine the boundaries of the cooperative. In most instances, the boundaries of an advertising cooperative will coincide with zip codes, designated marketing areas or municipal boundaries. We will specify the manner in which the cooperative is organized and governed. We may choose between (a) administering the cooperative ourselves or (b) establishing an advertising council, comprised by the cooperative's members, to administer the cooperative. We may require that the cooperative be administered in accordance with written bylaws, organizational documents or other governing documents that we approve.

If your Facility is located within a region subject to an advertising cooperative you must: (a) participate in the cooperative according to its rules and procedures and abide by its decisions; and (b) pay a cooperative advertising fee. We may set the minimum cooperative advertising fee or we may allow the cooperative to set the fee based on majority vote of its members. In either case, the cooperative advertising fee will not exceed 1% of Gross Sales. All cooperative advertising fees you pay are credited against your Local Marketing Commitment. Any company-owned Facilities located in the cooperative will contribute on the same basis as franchisees.

Advertising cooperatives are not required to prepare annual or periodic financial statements. Any financial statements that are prepared will be made available to you upon request. We reserve the right to form, change, merge or terminate advertising cooperatives at any time.

Brand and System Development Fund

We may, but need not, establish and maintain a brand and system development fund to promote public awareness of our brand and to improve our System. We do not intend to establish the fund until there are at least 25 Facilities open and operating. Once established, we may use the fund to pay for any of the following in our discretion:

- developing maintaining, administering, directing, preparing, or reviewing advertising and marketing materials, promotions and programs
- conducting and administering promotions, contests or giveaways
- improving public awareness of the Marks
- public and consumer relations and publicity
- brand development
- sponsorships
- charitable and non-profit donations and events
- research and development of technology, products and services
- website development and search engine optimization
- development of an ecommerce platform
- development and implementation of quality control programs, including the use of mystery shoppers or customer satisfaction surveys
- conducting market research
- changes and improvements to the System
- the fees and expenses of any advertising agency we engage to assist in producing or conducting advertising or marketing efforts
- collecting and accounting for contributions to the fund
- preparing and distributing financial accountings of the fund

- any other programs or activities we deem necessary or appropriate to promote or improve the System
- direct and indirect labor, administrative, overhead and other expenses incurred by us and/or our affiliates in relation to any of these activities (including salary, benefits and other compensation of any of our, and any of our affiliate's, officers, directors, employees or independent contractors based upon time spent working on any brand fund matters described above)

We will direct and have complete control and discretion over all advertising programs paid for by the fund, including the creative concepts, content, materials, endorsements, frequency, placement and media used for the programs. Advertising may be local, regional or national in coverage, although we anticipate a higher percentage of local and regional advertising during our initial years of growth. Advertising paid for by the fund may include digital, print, television, radio, billboard and any other form advertising. The fund will not be used to pay for advertisements principally directed at selling additional franchises, although consumer advertising may include notations such as “franchises available” and one or more pages on our website may promote the franchise opportunity.

You must pay a brand fund fee in the amount we specify from time to time (not to exceed 1% of Gross Sales). We will deposit all brand fund fees paid by you and other franchisees into the brand fund (unless we allocate the brand fund fees to an advertising cooperative). Any company-owned Facility will contribute to the fund on the same basis as our franchisees. However, if we modify the amount or timing of the brand fund fee, any company-owned Facility that is established or acquired after the modification may contribute to the fund utilizing the modified amount or timing. Except as stated in this paragraph, we have no obligation to expend our own funds or resources for any marketing activities in your area.

All brand fund fees deposited into the fund that are not used in the fiscal year in which they accrue will be utilized in the following fiscal year. Any surplus of monies in the fund may be invested and we may lend money to the fund if there is a deficit. An unaudited financial accounting of the operations of the fund will be prepared annually and made available to you upon request. During the fiscal year ended December 31, 2022, we did not collect or spend any brand fund fees.

We assume no direct or indirect liability or obligation to you with respect to the maintenance, direction or administration of the fund. The fund is not a trust and we have no fiduciary obligations with respect to our administration of the fund. Once established, we may discontinue the fund upon at least 30 days' prior notice.

National Accounts (§6.9)

We may, but need not, negotiate contracts with National Account clients. A “National Account” refers to an institutional client, group of clients, organization, association or entity that contracts with us to enable its employees, members or other constituents to access SUCCESS Space Facilities and receive the various benefits and privileges associated with a SUCCESS Space membership, in some instances at discounted prices or on terms and conditions that are otherwise different than the standard terms and conditions applicable to SUCCESS Space members. National Account clients may include businesses, government agencies, nonprofit organizations and other associations. The contract we negotiate with the National Account client may include membership privileges for its employees, members or other constituents, enabling them to visit and enjoy membership privileges and benefits from any SUCCESS Space Facility.

We reserve the right to provide discounted pricing and other nonstandard terms and conditions to National Account clients. You must honor these terms and conditions if any National Account constituents visit your Facility. The terms of the National Account program, including the compensation paid to Facilities visited by National Account constituents, will be described in the Manual and may change from time to time. Once established, we may eliminate the National Account program at any time. We do not guarantee that we will be successful in negotiating contracts with National Account clients. If we do negotiate contracts with a National Account client, we do not guarantee that any of its constituents will visit your Facility or that you will generate any revenue as a result of the contract.

Opening Requirements (§7.4)

We expect most franchisees will open their Facility within 90 to 180 days after signing the Franchise Agreement. Factors that may affect this time include:

- the amount of time needed to find an approved site
- protracted lease negotiations with your landlord
- the amount of time needed to secure financing, insurance, licenses and permits
- the condition of your building and extent of required upgrades, remodeling and renovations
- construction delays due to labor or materials shortages, inclement weather or other reasons
- delayed delivery or installation of equipment and fixtures
- the amount of time needed to comply with zoning requirements and other laws and regulations
- the amount of time needed to complete training
- the amount of time needed to hire and train your staff

You may not open prior to receipt of our written authorization to open. We will not issue our authorization to open until all of the following have been completed:

- your Managing Owner and Designated Manager successfully complete our initial training program
- your Business Coach successfully completes our SUCCESS Space Coaching Certification Program
- you purchase all required insurance policies and provide us with evidence of coverage
- you obtain all required licenses, permits and other governmental approvals
- we review and approve the construction, build-out and layout of your Facility

If we approve the site for your Facility before signing the Franchise Agreement, then you must open no later than 180 days after signing the Franchise Agreement. If we do not approve the site for your Facility before signing the Franchise Agreement, then you must open within 120 days after the later to occur of: (a) the date we approve your site (i.e., the date listed on the Site Approval Notice we send you after approving your site); or (b) the date you are first granted possession of the premises under the terms of your lease. Your failure to open within the required time period constitutes an event of default under your Franchise Agreement. If you diligently attempt to open your Facility by the required deadline but circumstances outside your control prevent you from doing so, you may request that we grant you an extension of your opening deadline. Your request must be in writing, describe the reasons for the delay and identify your new anticipated opening date. We will not unreasonably withhold our approval of your extension request.

ITEM 12 TERRITORY

Location of Your Business

The Franchise Agreement grants you the right to operate one SUCCESS Space Facility from a site we approve. You must identify a location for your Facility within the Site Selection Area described in Part B of ATTACHMENT "A" to your Franchise Agreement.

You may relocate your Facility with our prior written approval, which we will not unreasonably withhold. If we allow you to relocate, you must: (a) obtain our approval of the site for your new Facility within the Site Selection Area (but outside any territory granted or reserved to us, our affiliate or any other franchisee); (b) comply with our then-current site selection and development requirements; and (c) open your new Facility and resume operations within 30 days after closing your prior Facility.

Your Territory (Franchise Agreement)

We will identify the boundaries of your territory. If we approve your site before you sign the Franchise Agreement, then your territory will be identified in Part D of ATTACHMENT "A" to your Franchise

Franchise Disclosure Document (2023)

Agreement. If we do not approve your site before signing, then your territory will be identified in the Site Approval Notice we send to you after site approval. Your territory will include a minimum population of 50,000. Upon renewal, we reserve the right to modify the boundaries of your territory in accordance with our then-current territory guidelines and criteria.

You will not receive an exclusive territory. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control. Although we do not grant exclusive territories, we do grant you certain territorial protections. Specifically, we will not develop or operate, or authorize a third party to develop or operate, a SUCCESS Space Facility that is physically located within your territory during the term of your Franchise Agreement except as otherwise permitted below with respect to Limited Services Facilities, Limited Access Locations and Acquisitions (each defined below).

Your Development Territory (ADA)

If you sign an ADA, we will grant you a protected development territory. All SUCCESS Space Facilities you develop must be located within your development territory. A development territory typically consists of a geographic area that coincides with the boundaries of a municipality, such as a city, county or state. There is no specific minimum or maximum size for a development territory. In determining the size of your development territory, we primarily consider the number of Facilities you commit to develop.

You will not receive an exclusive development territory. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control. Although we do not grant exclusive development territories, we do grant you certain territorial protections. Specifically, we will not develop or operate, or authorize a third party to develop or operate, a SUCCESS Space Facility that is physically located within your development territory during the term of the ADA except: (a) for any SUCCESS Space Facilities located within your development territory as of the date you sign the ADA (either open, under construction or for which a Franchise Agreement has been signed); and (b) as otherwise permitted below with respect to Limited Services Facilities, Limited Access Locations and Acquisitions.

You must sign a separate Franchise Agreement for each Facility you develop under the ADA. We must approve the location of each Facility you develop according to our then-current site selection criteria. At least 7 days before signing, we will send you a complete execution copy of the ADA that includes your development territory, development fee and development schedule.

Limitations on Territorial Rights

Our affiliate reserves the right to develop and operate, and authorize third parties to develop and operate, Limited Services Facilities from any site within your territory that is located a minimum of 3 miles from your Facility. Our affiliate will pay you the revenue share discussed below under the Section entitled “Competitive Businesses”.

We also reserve the right to develop and operate, and authorize third parties to develop and operate, SUCCESS Space Facilities that are located within Limited Access Locations, including Limited Access Locations within your territory and development territory, if applicable. A “Limited Access Location” means a SUCCESS Space Facility (whether mobile or fixed, permanent or temporary) that is located within, or is a part of, a private business, governmental institution or other limited access facility. Examples of Limited Access Locations include SUCCESS Space Facilities that are located within:

- hotels, motels, resorts, casinos or similar facilities
- hospitals and other healthcare facilities
- universities, schools and education facilities
- military bases
- office buildings and business complexes
- condominiums, apartment buildings and dormitories

- private clubs
- other similar facilities not accessible to the general public

Access to Facilities in Limited Access Locations is typically limited to owners, employees, members, transient guests, students or residents of such businesses, institutions or facilities.

We reserve the right to acquire, or be acquired by, another business or chain that may sell competitive or identical goods or services, and those businesses may be converted into SUCCESS Space Facilities operating under the Marks regardless of their location (an “Acquisition”). Any such acquired or converted businesses may be located within your territory and development territory, if applicable, even if converted to become SUCCESS Space Facilities. If we are acquired by another company, you may be required to convert to their system and their trademarks at your expense.

Alternative Channels of Distribution

We reserve the right to sell, or license others to sell, competitive or identical goods or services (whether under the Marks or under different trademarks) through Alternative Channels of Distribution. An “Alternative Channel of Distribution” means any channel of distribution for the sale of goods or services other than retail sales made to customers while present at a SUCCESS Space Facility. Examples include the following:

- sales over the Internet (including virtual business coaching conducted remotely over the Internet)
- sales made through catalogs or telemarketing efforts
- sales made via mail delivery service (including distribution of SUCCESS[®] magazine to subscribers)
- sales through retail stores that do not operate under the Marks
- sales made at wholesale
- onsite sales to customers (including business coaching provided to individuals at their place of work)
- sales through catering or other delivery services
- sales through kiosks or mobile trailers

We may sell, or license third parties to sell, competitive or identical goods or services through Alternative Channels of Distribution (whether under the Marks or different trademarks) anywhere within your territory and development territory, if applicable. You are not entitled to any compensation for sales that take place through Alternative Channels of Distribution.

Restrictions on Your Sales and Marketing Activities

You must focus all of your marketing and advertising activities within your Designated Marketing Area. You may not market or advertise outside of your DMA except to the extent permitted by, and solely in compliance with, all policies and procedures set forth in the Manual governing advertising and marketing by a franchisee outside of their DMA. Your DMA is not exclusive and does not include any protected rights. Other Facilities located within your DMA may also market and advertise within your DMA. Facilities located outside of your DMA may market and advertise within your DMA to the extent permitted by the Manual.

There are no geographic limitations on our right to market and advertise the SUCCESS Space brand generally to the public (including our right to promote the SUCCESS Space franchise opportunity), and we have the unrestricted right to engage in such marketing and advertising within your DMA (and within your territory and development territory, if applicable).

You may not market or sell using Alternative Channels of Distribution (such as the Internet, catalog sales, telemarketing or other direct marketing) either within or outside of your DMA, territory or development territory, if applicable. You may not engage in any digital, online or similar types of marketing, either within or outside your DMA, territory or development territory, if applicable. However, you may conduct social media marketing subject to the restrictions described in Item 11.

You must comply with any minimum advertised pricing policy we establish from time to time.

There are no other restrictions on your right to solicit customers, whether from inside or outside of your DMA, territory and development territory, if applicable.

Minimum Performance Requirements

Your territorial protections under the Franchise Agreement do not depend on achieving a certain sales volume, market penetration, or other contingency.

If you sign an ADA and fail to satisfy your development schedule by opening and operating the minimum number of Facilities within the required period of time, we may terminate your ADA and you will lose the territorial protections associated with your development territory.

Additional Franchises and Territories

Unless you are an area developer, you are not granted any options, rights of first refusal or similar rights to acquire additional territories or franchises. If you are an area developer and sign an ADA, you will have the right and obligation to develop each of the Facilities identified in your development schedule. All of these Facilities must be located within your development territory.

Competitive Businesses

As discussed in Item 1, our affiliate, Success Space Limited, LLC, operates Limited Services Facilities that allow members to rent temporary workspace. Success Space Limited, LLC's principal business address is same as ours. We do not maintain separate office space within our corporate headquarters for the operations or training facilities for SUCCESS Space franchisees and the operations conducted by Success Space Limited, LLC. Neither we nor any of our affiliates current offer franchises or licenses for Limited Services Facilities, but we and our affiliates reserve the right to do so in the future.

Limited Services Facilities do not: (a) include a café; (b) offer onsite business coaching; or (c) issue memberships to members (memberships may only be issued by traditional SUCCESS Space Facilities). Limited Services Facilities operate under the same Marks licensed to our franchisees (excluding any marks relating to a cafe or business coaching). Unless otherwise agreed between us and the franchisee, Limited Services Facilities may be located at any location within a franchisee's territory that is at least 3 miles from the franchisee's SUCCESS Space Facility. If a Limited Services Facility is located in your territory, our affiliate will pay you a revenue share equal to 10% of the Usage Revenues that our affiliate collects from members based on their use of that Limited Services Facility.

Due to the Revenue Share, and the fact that Limited Services Facilities may not issue memberships, include a café, or offer onsite business coaching, we do not anticipate any conflicts between Limited Services Facilities and franchisees. Any conflict that does arise would be resolved on a case-by-case basis.

Except as disclosed above, neither we nor any affiliate of ours intends to operate or franchise another business under a different trademark that sells products or services similar to the products or services offered by a SUCCESS Space Facility. However, we reserve the right to do so in the future.

ITEM 13 TRADEMARKS

We grant you the right to operate your Facility under the name "SUCCESS" and "SUCCESS Space" and the associated logo shown on the cover page of this Disclosure Document. By trademark, we mean trade names, trademarks, service marks, and logos used to identify your Facility or the products or services offered at your Facility. We may change the trademarks you may use from time to time (including by discontinuing use of the Marks listed in this Item 13). If this happens, you must change to the new trademark at your expense.

Our affiliate, Success Enterprises, LLC ("Success Enterprises") registered the following trademark on the United States Patent and Trademark Office (USPTO) Principal Register:

| REGISTERED MARKS | | |
|------------------|---------------------|-------------------------------------|
| Mark | Registration Number | Registration Date (Renewal Date) |
| SUCCESS | 3472209 | July 22, 2008 (August 2, 2018) |

All required affidavits and renewals have been filed for the registered Mark listed above.

Success Enterprises also applied to register the following trademarks on the Principal Register at the USPTO based on an intent to use:

| UNREGISTERED MARKS | | |
|-----------------------------|---------------|------------------|
| Mark | Serial Number | Application Date |
| SUCCESS Achievers Community | 90610517 | March 29, 2021 |
| SUCCESS Achievers | 90610520 | March 29, 2021 |
| SUCCESS Coaching | 90721911 | May 19, 2021 |
| SUCCESS Space* | 90610525 | March 29, 2021 |

* This Mark was originally submitted for registration by us. In August 2021, we assigned ownership of the trademark rights for this Mark to Success Enterprises.

We do not have a federal registration for the Marks in the table labeled “Unregistered Marks.” Therefore, these Marks do not have many legal benefits and rights as a federally registered trademark. If our right to use any of these Marks is challenged, you may have to change to an alternative trademark, which may increase your expenses.

With respect to the unregistered Marks, Success Enterprises claims common law rights and intends to file declarations of use, declarations of incontestability and renewals when due.

On April 16, 2021, we entered into a License Agreement (the “License Agreement”) with Success Enterprises. Under the terms of the License Agreement, Success Enterprises granted us the right to use the Marks in the SUCCESS Space franchise system and sublicense the Marks to our franchisees. The term of the License Agreement is for 99 years. Success Enterprises is permitted to terminate the License Agreement only if: (a) we breach the License Agreement and fail to cure; (b) we become involved or subject to bankruptcy or insolvency proceedings; (c) we challenge the validity of, or Success Enterprises’ ownership of, the Marks; or (d) we undergo a change in control. If the License Agreement is terminated, the agreement states that each franchise agreement granted by us to a franchisee will continue in full force and effect until the expiration its term, provided that the franchisee complies with its terms. Except as discussed above, no agreements limit our right to use or sublicense the use of the Marks.

You must follow our rules when using the Marks. You cannot use our name or mark as part of a corporate name or with modifying words, designs, or symbols unless you receive our prior written consent. You may not use the Marks relating to the sale of any product or service that is not previously authorized by us in writing.

You must notify us immediately when you learn about an infringing or challenging use of the Marks. We will take the action we think appropriate, but we are not required to take any action if we do not feel it is warranted. We may require your assistance but you may not control any proceeding or litigation relating to our Marks. You must not directly or indirectly contest our or Success Enterprises’ right to the Marks.

We will indemnify you against, and reimburse you for: (a) all damages for which you are held liable in any judicial or administrative proceeding arising out of your use of the Marks in strict compliance with the Franchise

Agreement and Manual; and (b) all costs you reasonably incur in defending against any such claim brought against you in any proceeding in which you are named as a party (but excluding any salaries of your employees involved with the defense of the lawsuit). Our indemnification obligation will only apply if you notify us of the claim or proceeding in a timely manner and you are in full compliance with the Franchise Agreement and Manual.

Except as disclosed above, the Franchise Agreement does not require that we: (a) protect your right to use the Marks or protect you against claims of infringement or unfair competition arising out of your use of the Marks; or (b) participate in your defense or indemnify you for expenses or damages you incur if you are a party to an administrative or judicial proceeding involving our marks or if the proceeding is resolved in a manner that is unfavorable to you.

There are currently no: (a) effective material determinations of the Patent and Trademark Office, the Trademark Trial and Appeal Board, the trademark administrator of this state or any court; (b) pending infringements, oppositions or cancellations; and/or (c) pending material litigation involving any of the Marks. We do not know of any infringing uses that could materially affect your use of the Marks.

ITEM 14 PATENTS, COPYRIGHTS, AND PROPRIETARY INFORMATION

No patents or pending patent applications are material to the franchise.

Although we have not filed an application for copyright registration for the Manual, SUCCESS Spaceware, our website or our marketing materials, we and our affiliates do claim a copyright to these items.

During the term of your Franchise Agreement, we will allow you to use certain confidential and proprietary information (some of which constitute “trade secrets”) relating to the development, marketing and operation of a SUCCESS Space Facility. Examples include:

- architectural plans, drawings and specifications for a prototype Facility
- site selection criteria
- recipes for menu items offered at your café
- methods and techniques
- standards and specifications
- policies and procedures
- supplier lists and information
- marketing strategies
- merchandising strategies
- financial information
- information comprising the System

We will own all operational and customer data relating to your Facility and you must treat this data as confidential and proprietary. We license you the right to utilize this data during the term of your Franchise Agreement. We consider all information in the Manual to be confidential.

We provide you with access to our confidential information through our Manual, training programs, Intranet (if established by us) and other periodic support and guidance. You may use this information solely for purposes of developing, marketing and operating your Facility in compliance with the terms of the Franchise Agreement and Manual. You may not disclose our confidential information to any person (other than your employees on a need to know basis) without our prior permission.

You must promptly notify us if you discover any unauthorized use of our proprietary information. We are not obligated to act, but will respond to this information as we deem appropriate. You may not control any

proceeding or litigation alleging the unauthorized use of our proprietary information. We have no obligation to indemnify you for any expenses or damages arising from any proceeding or litigation involving our proprietary information. There are no infringements known to us at this time.

All ideas, improvements, inventions, marketing materials, and other concepts you develop relating to the operation of your Business will be owned by us.

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

You must designate an owner (the “Managing Owner”) who will have overall responsibility for the management and operation of your Facility. The Managing Owner must:

- be approved by us
- have authority to bind you on all business decisions
- successfully complete all training programs we require
- live within a one-hour drive from your Facility
- dedicate full-time efforts to the onsite management of the Facility (unless you hire a Designated Manager)
- at all times hold at least a 20% ownership interest in the franchise (or the entity that is the franchisee under the Franchise Agreement)

Any new Managing Owner you appoint must be approved by us and successfully complete our then-current initial training program.

You may hire a designated manager (a “Designated Manager”) to assist the Managing Owner with the onsite management and supervision of your Facility. Your Designated Manager must:

- be approved by us
- have at least 3 years of experience as a manager of a retail business
- successfully complete all training programs we require
- dedicate full-time efforts to the onsite management of the Facility

At all times during normal business hours, either the Managing Owner or your Designated Manager must be present at your Facility to provide onsite management and supervision. The Managing Owner must monitor and supervise the activities of your Designated Manager to ensure your Facility is operated in accordance with the Franchise Agreement and the Manual. You may also hire assistant managers who would report to the Managing Owner or your Designated Manager. The Managing Owner must assume responsibility for the onsite management and supervision of your Facility if the Designated Manager is unable to perform his or her duties due to death, disability, termination of employment, or for any other reason, until such time that you obtain a suitable and fully trained Designated Manager.

You must also hire a full-time business coach (a “Business Coach”) to provide onsite business coaching services at your Facility. Your Business Coach must successfully complete all required training programs for Business Coaches, including the SUCCESS Space Coaching Certification Program and any required recertification training. You must have a fully trained Business Coach available to provide coaching services as of the opening date of your Facility.

We do not require that your Designated Manager or Business Coach own any equity interest in the franchise.

Your Business Coach and Designated Manager must sign the Brand Protection Agreement attached to the Franchise Agreement as ATTACHMENT "E". All of your other employees and representatives who may have access to our confidential information must sign the Confidentiality Agreement attached to the Franchise Agreement as ATTACHMENT "F".

If you are an entity, each owner (i.e., each person holding an ownership interest in you) and the spouse of each owner must sign the Franchise Owner Agreement attached to the Franchise Agreement as ATTACHMENT "D".

ITEM 16 RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

We must approve all goods and services you sell. You must offer all goods and services we require. You may not sell any goods or services we have disapproved. At any time, we may change the goods and services you sell and you must comply with the change.

All goods and services must be provided onsite at your Facility other than coaching services, which may be conducted virtually to the extent permitted by the Manual. Your café may not provide catering or delivery services without our prior written approval, which we may withhold or condition in our sole discretion.

We may require you to participate in a gift card or other customer loyalty program (including utilization of a “membership” model) in accordance with our policies and procedures. You must honor all membership terms we prescribe in accordance with the Manual. We must approve the membership agreement you propose for use and you must offer the specific memberships that we require (including membership pricing, benefits and privileges). Under the terms of our current membership program, your Facility may not provide any goods or services to any person that is not a member (other than your café which is open to the general public).

If we negotiate a contract with a National Account client, you must honor the terms we negotiate for any of the client’s constituents that visit your Facility.

ITEM 17 RENEWAL, TERMINATION, TRANSFER, AND DISPUTE RESOLUTION

This table lists certain important provisions of the franchise agreement (FA), Area Development Agreement (ADA), Software License Agreement (SLA) and related agreements. You should read these provisions in the agreements attached to this Disclosure Document.

| THE FRANCHISE RELATIONSHIP | | |
|-------------------------------------|-----------------------|---|
| PROVISION | SECTIONS IN AGREEMENT | SUMMARY |
| a. Length of the franchise term | FA: §4.1 | Term is equal to 10 years. |
| | ADA: §2 | Term expires on opening of last franchise to be developed under development schedule. |
| | SLA: §11(a) | Term runs concurrently with term of Franchise Agreement. |
| b. Renewal or extension of the term | FA: §4.1 & 4.2 | If you meet our conditions for renewal, you can enter into 1 successor franchise agreement for a 10-year renewal term. The parties may mutually agree to further renewals but neither party is obligated to do so (subject to state law). |
| | ADA: §4.4 | No renewal rights. |
| | SLA: §11(a) | Term runs concurrently with term of Franchise Agreement (including renewals of Franchise Agreement). |

THE FRANCHISE RELATIONSHIP

| PROVISION | SECTIONS IN AGREEMENT | SUMMARY |
|--|-----------------------|---|
| c. Requirements for you to renew or extend | FA: §4.1 & 4.2 | You must: not be in default; give us timely notice; sign then-current form of franchise agreement and related documents (e.g., Franchise Owner Agreement, Brand Protection Agreement, etc.); sign general release (subject to state law); pay renewal fee; remodel Facility and upgrade furniture, fixtures and equipment to current standards; and maintain possession of your Facility under your lease. We may refuse to renew if you received 3 or more default notices from us (subject to state law). If you renew, you may be required to sign a contract with materially different terms and conditions than the original contract. |
| | ADA: §4.4 | You may not renew or extend the term of the ADA. |
| | SLA: §11(a) | Renewal of Software License Agreement would be automatic with renewal of Franchise Agreement. |
| d. Termination by you | FA: §19.1 | You can terminate only if we fail to cure a material default within the cure period. |
| | ADA: §8 | You can terminate under any grounds permitted by law. |
| | SLA: §11(b) | You can terminate if we fail to cure a material default within the cure period or if we are insolvent or subject to bankruptcy proceedings. |
| e. Termination by us without cause | FA: §19.4 | We can terminate without cause if you and we mutually agree to terminate. |
| | ADA: Not Applicable | Not Applicable |
| | SLA: Not Applicable | Not Applicable |
| f. Termination by us with cause | FA: §19.2 & 19.3 | We can terminate if you default. |
| | ADA: §8 | We can terminate if you default. |
| | SLA: §11(b) | We can terminate if you default. |
| g. "Cause" defined - curable defaults | FA: §19.2 & 19.3 | You have 10 days to cure any monetary default. You have 30 days to cure any other default (other than defaults described below under "non-curable defaults"). |
| | ADA: §8 | You have 30 days to cure any default (other than defaults described below under "non-curable defaults"). |
| | SLA: §11(b) | You have 30 days to cure defaults that are capable of cure. |

THE FRANCHISE RELATIONSHIP

| PROVISION | SECTIONS IN AGREEMENT | SUMMARY |
|--|--|--|
| h. "Cause" defined - non-curable defaults | FA: §19.2 | The following defaults cannot be cured: failure to successfully complete training; failure to find approved site or open in timely manner; insolvency, bankruptcy or seizure of assets; abandonment; loss of required license or permit; conviction of certain types of crimes or subject of certain administrative actions; failure to comply with material law; commission of act that may adversely affect reputation of System or Marks; health or safety hazards; failure to pay approved/designated suppliers; material misrepresentations; 2 nd underreporting of amounts due by at least 2%; unauthorized transfers; unauthorized use of intellectual property; violation of brand protection covenant; breach of Franchise Owner Agreement by owner or spouse; breach of legal compliance representations; termination of lease; 3 or more default notices in any 12-month period; or termination of any other agreement between you and us (or our affiliate) due to your default. However, termination of an ADA due to your default is not grounds for termination of any Franchise Agreement otherwise in good standing. |
| | ADA: §8 | You cannot cure any default relating to the termination of a franchise agreement based on your default. Any termination of a franchise agreement is a default under the ADA allowing us to terminate without cure period. |
| | SLA: §11(b) | You cannot cure: any default that is not capable of cure; insolvency; or being subject to bankruptcy proceedings. |
| i. Your obligations on termination/non-renewal | FA: §20.1 | Obligations include: remove trade dress and alter premises to eliminate any resemblance to a SUCCESS Space Facility; cease use of intellectual property; return Manual and branded materials; assign telephone numbers, listings and domain names; assign customer contracts; cancel fictitious names; and pay amounts due, including, if applicable, liquidated damages (also see "r", below). |
| | ADA: Not Applicable | ADA does not impose any specific obligations on you after it is terminated or expires. |
| | SLA: §11(c) | Cease use of SUCCESS Spaceware and delete, destroy or return all copies of SUCCESS Spaceware software. |
| j. Assignment of contract by us | FA: §18.1 | No restriction on our right to assign. |
| | ADA: §7.1 | No restriction on our right to assign. |
| | SLA: §12(j) | No restriction on our right to assign. |
| k. "Transfer" by you – definition | FA: §1 (definition of "Transfer") & 18.2 | Includes transfer of contract or assets, or ownership change. |
| | ADA: §1 (definition of "Transfer") & 7.2 | Includes transfer of contract or assets, or ownership change. |
| | SLA: §12(j) | Includes transfer of contract or obligations under contract. |
| l. Our approval of transfer by you | FA: §1 (definition of "Permitted Transfer"), 18.2 & 18.3 | If certain conditions are met, you may transfer to a newly-formed entity owned by you, or in certain instances, to an existing owner, without our approval. We must approve all other transfers but will not unreasonably withhold approval. |
| | ADA: §1 (definition of "Permitted Transfer"), 7.2 & 7.3 | If certain conditions are met, you may transfer to a newly-formed entity owned by you, or in certain instances, to an existing owner, without our approval. We must approve all other transfers but will not unreasonably withhold approval. |

THE FRANCHISE RELATIONSHIP

| PROVISION | SECTIONS IN AGREEMENT | SUMMARY |
|---|------------------------------|--|
| | SLA: §12(j) | We must approve any transfer by you. |
| m. Conditions for our approval of transfer | FA: §18.2 | Transferee must: meet our qualifications; successfully complete training (or commit to do so); obtain all required licenses and permits; and sign then-current form of franchise agreement for remainder of term (or at our option, take assignment of existing franchise agreement). You must: be in compliance with Franchise Agreement; assign lease (if applicable); remodel Facility and upgrade furniture, fixtures and equipment to current standards (or get a commitment from transferee to do so); pay transfer fee; and sign a general release (subject to state law). We must notify you that we do not intend to exercise our right of first refusal. |
| | ADA: §7.2 | Transferee must: meet our qualifications; successfully complete training (or commit to do so); and sign then-current form of area development agreement for remainder of term (or at our option, take assignment of existing ADA). You must: be in compliance with all Franchise Agreements and ADA; assign all Franchise Agreements to same purchaser unless we agree to contrary (or at our option, purchaser must sign then-current form of franchise agreement); comply with transfer provisions under Franchise Agreements; pay transfer fee; and sign a general release (subject to state law). We must notify you that we do not intend to exercise our right of first refusal. |
| | SLA: §12(j) | We will only approve a transfer made in conjunction with a transfer of your Facility and Franchise Agreement. |
| n. Our right of first refusal to acquire your business | FA: §18.5 | We can match any bona fide, arms-length offer for your business. |
| | ADA: §7.5 | We can match any bona fide, arms-length offer for your area development rights. |
| | SLA: Not Applicable | Not Applicable |
| o. Our option to purchase your business | FA: §20.3 | We have the option to purchase your business at the expiration or termination of the Franchise Agreement. |
| | ADA: Not Applicable | We do not have a right to purchase your area development rights unless you attempt to transfer your rights to a third-party purchaser. |
| | SLA: Not Applicable | Not Applicable |
| p. Your death or disability | FA: §18.4 | Within 180 days, franchise must be assigned by estate to an assignee in compliance with conditions for other transfers. |
| | ADA: §7.4 | Within 180 days, franchise must be assigned by estate to an assignee in compliance with conditions for other transfers. |
| | SLA: Not Applicable | Software License Agreement does not address your death or disability. |
| q. Non-competition covenants during the term of the franchise | FA: §13.2 & 13.3 | No involvement in competing business and comply with nondisclosure covenants. |
| | ADA: Not Applicable | ADA does not include noncompetition covenant. |
| | SLA: Not Applicable | Software License Agreement does not include noncompetition covenant. |

THE FRANCHISE RELATIONSHIP

| PROVISION | SECTIONS IN AGREEMENT | SUMMARY |
|---|-----------------------|--|
| r. Non-competition covenants after the franchise is terminated or expires | FA: §13.2 & 20.1 | No involvement for 2 years in competing business located: (a) at your Facility; (b) within 5 miles of your Facility; (c) within 5 miles of any other Facility; or (d) within your development territory (if you area an area developer); comply with nondisclosure covenants; cease use of intellectual property. |
| | ADA: Not Applicable | ADA does not impose any noncompetition covenants. |
| | SLA: Not Applicable | Software License Agreement does not impose any noncompetition covenants. |
| s. Modification of the agreement | FA: §23.3 & 23.8 | Requires writing signed by both parties (except for unilateral changes to Manual or unilateral reduction of scope of restrictive covenants by us). Other modifications primarily to comply with various states laws. |
| | ADA: §11.6 | Requires writing signed by both parties. Other modifications primarily to comply with various states laws. |
| | SLA:§12(f) | Requires writing signed by both parties. |
| t. Integration/ merger clause | FA: §23.8 | Only the terms of the Franchise Agreement and its attachments are binding (subject to state law). Any representations or promises made outside the Disclosure Document and Franchise Agreement may not be enforceable. Nothing in the Franchise Agreement or any related agreements is intended to disclaim any of the representations we made in this Disclosure Document. No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (a) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (b) 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. |
| | ADA: §11.6 | Only the terms of the ADA and its attachments are binding (subject to state law). Any representations or promises made outside the Disclosure Document and ADA may not be enforceable. Nothing in the ADA or any related agreements is intended to disclaim any of the representations we made in this Disclosure Document. No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (a) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (b) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise. |

| THE FRANCHISE RELATIONSHIP | | |
|---|-----------------------|---|
| PROVISION | SECTIONS IN AGREEMENT | SUMMARY |
| | SLA: §12(f) | Only the terms of the Software License Agreement and its attachments are binding (subject to state law). Any representations or promises made outside the Disclosure Document and Software License Agreement may not be enforceable. Nothing in the Software License Agreement or any related agreements is intended to disclaim any of the representations we made in this Disclosure Document. No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (a) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (b) 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. |
| u. Dispute resolution by arbitration or mediation | FA: §21 | Subject to state law, all disputes must be mediated and then arbitrated before litigation, except for certain disputes involving our intellectual property or compliance with restrictive covenants. |
| | ADA: §8.3 | Subject to state law, all disputes must be mediated and then arbitrated before litigation. |
| | SLA: §12(g) | Subject to state law, all disputes must be litigated in Dallas, Texas. |
| v. Choice of forum | FA: §21 | Subject to state law, all mediation, arbitration and litigation must take place in Dallas, Texas. |
| | ADA: §8.3 | Subject to state law, all mediation, arbitration and litigation must take place in Dallas, Texas. |
| | SLA: §12(g) | Subject to state law, all disputes must be litigated in Dallas, Texas. |
| w. Choice of law | FA: §23.1 | Subject to state law, Texas law governs. |
| | ADA: §11.1 | Subject to state law, Texas law governs. |
| | SLA: §12(g) | Subject to state law, Texas law governs. |

ITEM 18 PUBLIC FIGURES

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

ITEM 19 FINANCIAL PERFORMANCE REPRESENTATIONS

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

We do not make any representations about a franchisee's future financial performance or the past financial performance of company-owned or franchised outlets. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the Federal Trade Commission, the appropriate state regulatory agencies, and our management by contacting our President, Ted Laatz, at 750 N. St. Paul St., Suite 250, Dallas, Texas 75201 or by phone at (800) 570-6414.

ITEM 20 OUTLETS AND FRANCHISEE INFORMATION

TABLE 1 - SYSTEM-WIDE OUTLET SUMMARY FOR YEARS 2020 TO 2022

| Outlet Type | Year | Outlets at the Start of the Year | Outlets at the End of the Year | Net Change |
|---------------|------|----------------------------------|--------------------------------|------------|
| Franchised | 2020 | 0 | 0 | 0 |
| | 2021 | 0 | 0 | 0 |
| | 2022 | 0 | 0 | 0 |
| Company-Owned | 2020 | 0 | 0 | 0 |
| | 2021 | 0 | 0 | 0 |
| | 2022 | 0 | 0 | 0 |
| Total Outlets | 2020 | 0 | 0 | 0 |
| | 2021 | 0 | 0 | 0 |
| | 2022 | 0 | 0 | 0 |

TABLE 2 - TRANSFERS OF OUTLETS FROM FRANCHISEES TO NEW OWNERS (OTHER THAN THE FRANCHISOR) FOR YEARS 2020 TO 2022

| State | Year | Number of Transfers |
|-------|------|---------------------|
| Total | 2020 | 0 |
| | 2021 | 0 |
| | 2022 | 0 |

TABLE 3 - STATUS OF FRANCHISED OUTLETS FOR YEARS 2020 TO 2022

| State | Year | Outlets at Start of Year | Outlets Opened | Terminations | Non-Renewals | Reacquired by Franchisor | Ceased Operations - Other Reasons | Outlets at End of Year |
|--------|------|--------------------------|----------------|--------------|--------------|--------------------------|-----------------------------------|------------------------|
| Totals | 2020 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2021 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2022 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |

TABLE 4 - STATUS OF COMPANY-OWNED OUTLETS FOR YEARS 2020 TO 2022

| State | Year | Outlets at Start of Year | Outlets Opened | Outlets Reacquired From Franchisee | Outlets Closed | Outlets Sold to Franchisee | Outlets at End of Year |
|--------|------|--------------------------|----------------|------------------------------------|----------------|----------------------------|------------------------|
| Totals | 2020 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2021 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2022 | 0 | 0 | 0 | 0 | 0 | 0 |

TABLE 5 – PROJECTED OPENINGS AS OF DECEMBER 31, 2022

| State | Franchise Agreements Signed But Outlet Not Opened | Projected New Franchised Outlets in the Next Fiscal Year | Projected New Company-Owned Outlets in the Next Fiscal Year |
|------------|---|--|---|
| Alabama | 3 | 0 | 0 |
| California | 1 | 0 | 0 |

TABLE 5 – PROJECTED OPENINGS AS OF DECEMBER 31, 2022

| State | Franchise Agreements Signed But Outlet Not Opened | Projected New Franchised Outlets in the Next Fiscal Year | Projected New Company-Owned Outlets in the Next Fiscal Year |
|--------------|--|---|--|
| Florida | 2 | 2 | 0 |
| Indiana | 1 | 1 | 0 |
| Louisiana | 1 | 0 | 0 |
| Nevada | 1 | 0 | 0 |
| New York | 1 | 0 | 0 |
| Texas | 3 | 3 | 0 |
| Virginia | 1 | 0 | 0 |
| Total | 14 | 6 | 0 |

Our fiscal year ends on December 31st. A list of all current franchisees is attached to this Disclosure Document as EXHIBIT "F" (Part A), including their names and the addresses and telephone numbers of their outlets as of December 31, 2022. In addition, EXHIBIT "F" (Part 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.**

In the last 3 fiscal years, some franchisees have signed confidentiality agreements with us. In some instances, current and former franchisees sign provisions restricting their ability to speak openly about their experience with us. You may wish to speak with current and former franchisees, but be aware that not all such franchisees will be able to communicate with you.

There are no: (a) trademark-specific franchisee organizations associated with the franchise system being offered that we have created, sponsored or endorsed; or (b) independent franchisee organizations that have asked to be included in this Disclosure Document.

ITEM 21 FINANCIAL STATEMENTS

Attached as EXHIBIT "H" to this Disclosure Document are the audited financial statements of Success Franchising, LLC as of December 31, 2022 and December 31, 2021 and for the year ended December 31, 2022, and for the period from January 12, 2021 (inception) through December 31, 2021. In addition, an unaudited balance sheet as of August 31, 2023 and an unaudited profit and loss statement from January 1, 2023 through August 31, 2023 are attached to this Disclosure Document as EXHIBIT "H". We have not been in business for 3 years or more and cannot include all financial statements required by FTC rule for our last 3 fiscal years. Our fiscal year end is December 31st.

ITEM 22 CONTRACTS

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

Exhibits to Disclosure Document

- EXHIBIT "C" Franchise Agreement
- EXHIBIT "D" Area Development Agreement
- EXHIBIT "I"-1 State Addenda
- EXHIBIT "I"-2 General Release
- EXHIBIT "I"-3 Software License Agreement

Attachments to Franchise Agreement

ATTACHMENT "B" Form of Site Approval Notice
ATTACHMENT "C" Lease Addendum
ATTACHMENT "D" Franchise Owner Agreement
ATTACHMENT "E" Brand Protection Agreement
ATTACHMENT "F" Confidentiality Agreement

ITEM 23 RECEIPT

EXHIBIT "K" to this Disclosure Document are detachable receipts. You are to sign both, keep one copy and return the other copy to us.

EXHIBIT "A"

TO DISCLOSURE DOCUMENT

STATE AGENCIES AND ADMINISTRATORS

| | | |
|---|---|--|
| <p><u>CALIFORNIA</u> Commissioner of Financial Protection & Innovation Department of Financial Protection & Innovation 320 West 4th Street, #750 Los Angeles, CA 90013 (213) 576-7500 1-866-275-2677 <u>Agent for Service of Process:</u> Commissioner of Financial Protection & Innovation Department of Financial Protection & Innovation 320 West 4th Street, #750 Los Angeles, CA 90013</p> <p><u>HAWAII</u> Commissioner of Securities of the State of Hawaii 335 Merchant Street, Room 203 Honolulu, Hawaii 96813 (808) 586-2722 <u>Agents for Service of Process:</u> Commissioner of Securities of the State of Hawaii Department of Commerce and Consumer Affairs Business Registration Division 335 Merchant Street, Room 203 Honolulu, Hawaii 96813 (808) 586-2722</p> <p><u>ILLINOIS</u> Illinois Attorney General Chief, Franchise Division 500 South Second Street Springfield, IL 62706 (217) 782-4465</p> <p><u>INDIANA</u> Secretary of State Securities Division Room E-018 302 West Washington Street Indianapolis, IN 46204 (317) 232-6681</p> <p><u>MARYLAND</u> Office of the Attorney General Securities Division</p> | <p>200 St. Paul Place Baltimore, Maryland 21202 (410) 576-6360 <u>Agent for Service of Process:</u> Maryland Securities Commissioner 200 St. Paul Place Baltimore, Maryland 21202-2020</p> <p><u>MICHIGAN</u> Franchise Section Consumer Protection Division 525 W. Ottawa Street, G. Mennen Williams Building, 1st Floor Lansing, MI 48913 (517) 335-7567</p> <p><u>MINNESOTA</u> Commissioner of Commerce Director of Registration 85 Seventh Place East, #280 St. Paul, Minnesota 55101-3165 (651) 539-1500</p> <p><u>NEW YORK</u> NYS Department of Law Investor Protection Bureau 28 Liberty Street, 21st Floor New York, NY 10005 Phone: (212) 416-8222 <u>Agents for Service of Process:</u> New York Department of State One Commerce Plaza 99 Washington Avenue, 6th Floor Albany, NY 12231</p> <p><u>NORTH DAKOTA</u> North Dakota Securities Department State Capitol, 5th Floor, Dept 414 600 East Boulevard Avenue Bismarck, North Dakota 58505 (701) 328-4712</p> <p><u>RHODE ISLAND</u> Department of Franchise Regulation 1511 Pontiac Avenue, John O. Pastore Complex, Bldg 69-1 Cranston, Rhode Island 02920 (401) 462-9527</p> | <p><u>SOUTH DAKOTA</u> Department of Labor and Regulation Division of Insurance Securities Regulation 124 S Euclid, 2nd Floor Pierre, South Dakota 57501 (605) 773-3563</p> <p><u>VIRGINIA</u> State Corporation Commission Division of Securities and Retail Franchising 1300 East Main Street, 9th Floor Richmond, Virginia 23219 (804) 371-9051 <u>Agents for Service of Process:</u> Clerk of the State Corporation Commission 1300 East Main Street, 1st Floor Richmond, Virginia 23219</p> <p><u>WASHINGTON</u> Department of Financial Institutions Securities Division 150 Israel Road SW Tumwater, WA 98501 (360) 902-8760 <u>Mailing Address:</u> Department of Financial Institutions Securities Division P.O. Box 9033 Olympia, WA 98507</p> <p><u>WISCONSIN</u> Department of Financial Institutions Division of Securities 201 W Washington Avenue, Suite 500, Madison, WI 53703 (608) 261-9555</p> |
|---|---|--|

EXHIBIT "B"

TO DISCLOSURE DOCUMENT

FRANCHISOR'S AGENT FOR SERVICE OF PROCESS

Delaware Registered Agents
8 The Green, Suite A
Dover, Delaware 19901

In states listed in EXHIBIT "A", the additional agent
for Service of Process is listed in EXHIBIT "A"

EXHIBIT "C"
TO DISCLOSURE DOCUMENT

FRANCHISE AGREEMENT

[See Attached]



FRANCHISE AGREEMENT

FRANCHISEE: _____
DATE: _____

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ATTACHMENTS

| | |
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SUCCESS SPACE FRANCHISE AGREEMENT

This SUCCESS Space Franchise Agreement (this “Agreement”) is entered into as of _____, 202__ (the “Effective Date”) between Success Franchising, LLC, a Delaware limited liability company (“we” or “us”) and _____, a(n) _____ (“you”).

1. DEFINITIONS. Capitalized terms used in this Agreement have the meanings given to them below:

“Access Revenues” means the total amount of revenue collected by us or our affiliate from SUCCESS Space members based on their access to workspace within any Limited Services Facility that is located within your Territory, but excluding: (a) any fees or other amounts collected from members for any goods or services other than the temporary rental of workspace at the Limited Services Facility (for example, fees for coaching services, subscription fees, membership fees, etc.); (b) sales tax, use tax and any other tax collected from members and remitted to a Governmental Authority; and (c) amounts collected but subsequently refunded to members.

“Account” means the checking account you designate from which we deduct fees and other amounts owed to us and our affiliates in accordance with §12.5.

“Acquisition” means either: (a) a transaction, or series of transactions, pursuant to which a competitive or non-competitive company, franchise system, network or chain directly or indirectly acquires us or the SUCCESS Space franchise system, whether in whole or in part, including by asset or stock purchase, change of control, merger, affiliation or otherwise; or (b) a transaction, or series of transactions, pursuant to which we directly or indirectly acquire another competitive or non-competitive company, franchise system, network or chain, whether in whole or in part, including by asset or stock purchase, change of control, merger, affiliation or otherwise.

“Acquired Assets” means any assets associated with your Facility that we elect to purchase upon termination or expiration of this Agreement, as further described in §20.3.

“Agreement” is defined in the Introductory Paragraph.

“Alternative Channels of Distribution” means all channels of distribution for the sale of goods and services other than retail sales made to customers while present at a SUCCESS Space Facility, including, but not limited to:

- (i) sales over the Internet (including virtual business coaching conducted remotely over the Internet);
- (ii) sales made through catalogs or telemarketing efforts;
- (iii) sales made via mail delivery service (including distribution of SUCCESS® magazine to subscribers);
- (iv) sales through retail stores that do not operate under the Marks;
- (v) sales made at wholesale;
- (vi) onsite sales to customers (including business coaching provided to individuals at their place of work);
- (vii) sales through catering or other delivery services; and
- (viii) sales through kiosks or mobile trailers.

“Anti-Terrorism Law” means Executive Order 13224 issued by the President of the United States of America (or any successor Order), the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act (USA PATRIOT Act) of 2001 (or any successor legislation) and all other present and future federal, state and local Laws, ordinances, regulations, policies, lists, orders and any other requirements of any Governmental Authority addressing or in any way relating to terrorist acts and acts of war.

“Appraised Value” is defined in §20.3.

“Brand Protection Agreement” means the Brand Protection Agreement that must be signed by certain of your personnel, the current form of which is attached hereto as ATTACHMENT "E".

“Business” means the franchised business you operate pursuant to this Agreement.

“Business Coach” means a Person you hire in accordance with §8.3 to provide business coaching services from your Facility.

“Business Data” means, collectively or individually, Customer Data and Operational Data.

“Café” means the limited-service café located within your Facility that is open to the public and offers and sells fresh brewed and specialty coffees, pastries, sandwiches, salads, snacks, beer and wine (where allowed by law) and various retail items that we approve or designate.

“Claim” or “Claims” means any and all claims, actions, demands, assessments, litigation, or other form of regulatory or adjudicatory procedures, claims, demands, assessments, investigations, or formal or informal inquiries.

“Competitive Business” means any business that meets at least one of the following criteria: (a) any business that is competitive with a SUCCESS Space Facility and derives, or is reasonably expected to derive, more than 25% of its revenues from the sale or rental of co-working-space or flex-space services or the sale or rental of other similar services; (b) any business that solicits, offers or sells franchises or licenses for a business that meets the criteria in clause (a) of this definition; and/or (c) any business that services, trains, supports, consults with, advises or otherwise assists any Person with respect to the development, management and/or operation of a business that meets the criteria in clause (a) of this definition. A Competitive Business does not include any SUCCESS Space Facility operated pursuant to a valid franchise agreement or license agreement with us or our affiliate.

“Confidential Information” means and includes: (a) the Know-How; (b) the Business Data; (c) the terms of the Definitive Agreements and all attachments thereto and amendments thereof; (d) the components of the System; (e) all information within or comprising the Manual; and (f) all other concepts, ideas, trade secrets, financial information, marketing strategies, expansion strategies, studies, supplier information, customer information, franchisee information, investor information, flow charts, inventions, mask works, improvements, discoveries, standards, specifications, formulae, recipes, designs, sketches, drawings, policies, processes, procedures, methodologies and techniques, together with analyses, compilations, studies or other documents that: (i) are designated as confidential; (ii) are known by you to be considered confidential by us; and/or (iii) are by their nature inherently or reasonably to be considered confidential. Confidential Information does not include any information that: (a) is now, or subsequently becomes, generally available to the public (except as a result of a breach of confidentiality obligations by you or your Owners, employees or other constituents); (b) you can demonstrate was rightfully in your possession, without obligation of nondisclosure, before we disclosed the information to you; (c) is independently developed by you without any use of, or reference to, any Confidential Information; or (d) is rightfully obtained from a third party who has the right to transfer or disclose such information to you without breaching any obligation of confidentiality imposed on such third party.

“Confidentiality Agreement” means the Confidentiality Agreement that must be signed by certain of your employees pursuant to §13.5, the current form of which is attached hereto as ATTACHMENT "F".

“Copyrighted Materials” means all copyrightable materials for which we or our affiliate have secured common law or registered copyright protection and that we allow franchisees to use, sell or display in connection with the marketing and/or operation of a SUCCESS Space Facility, whether now in existence or created in the future.

“Customer Data” means and includes any and all data that pertains to a SUCCESS Space member or customer, including, without limitation, name, address, contact information, date of birth, purchase history and any information collected in connection with any loyalty program or for any other purpose.

“Definitive Agreements” means, collectively, this Agreement, the Area Development Agreement pursuant to which this Agreement is executed (if applicable), any other Franchise Agreement between you (or your affiliate) and us (or our affiliate) for a Facility or any other franchised concept, and all ancillary

agreements executed in connection with any of the foregoing, including, without limitation, each related Franchise Owner Agreement.

“Designated Manager” means a Person you hire in accordance with §8.2 to assist the Managing Owner with the onsite management and supervision of your Facility.

“Designated Marketing Area” or “DMA” means the geographic area within which you must direct all of your advertising and marketing efforts in accordance with §10.3(d). Unless we specify otherwise, your DMA will consist of the same geographic area comprising your Site Selection Area.

“Dispute” means any Claim, dispute or disagreement between the parties, including any matter pertaining to: (a) the interpretation or enforcement of this Agreement; (b) the offer or sale of the franchise; or (c) the relationship between the parties.

“Effective Date” is defined in the Introductory Paragraph.

“Entity” means a corporation, partnership, limited liability company or other form of association.

“Equity Interest” means a direct or indirect ownership or beneficial interest in the capital stock of, partnership or membership interest in, or other equity, ownership or beneficial interest in an Entity (including voting rights).

“Excluded Claim” is defined in §21.

“Facility” or “SUCCESS Space Facility” means a membership-based shared workspace facility that operates under the Marks and offers flexible rental options combined with access to onsite professional business coaching, virtual communication technology, a limited-service café and various other amenities. The term may refer to a Facility operated by us, our affiliate, you or another franchisee, as the context may require.

“Force Majeure” means acts or circumstances that are beyond a party’s control, including fire, storm, flood, earthquake, explosion or accident, acts of war or terrorism, rebellion, insurrection, sabotage, epidemic, failures or delays of transportation and strikes, provided that: (a) the non-performing party provides written notice to the other party of the Force Majeure event within three (3) days of becoming aware of the occurrence of such event; (b) the non-performing party is without fault and the delay or failure could not have been prevented by reasonable precautions by the non-performing party; (c) nothing herein shall excuse or permit any delay or failure to pay fees or other amounts owed on the applicable due date; (d) insolvency, lack of required funds or financing, currency fluctuations, currency devaluations, foreign exchange controls or inflation shall never be deemed Force Majeure; and (e) an epidemic or pandemic of a contagious illness or disease, or economic or financial changes caused by an epidemic or pandemic of a contagious illness or disease, shall never be deemed Force Majeure except to the extent a Governmental Authority mandates closure (or prevents the opening) of the Facility as a result of such epidemic or pandemic.

“Franchisee Entity” means the Entity, if applicable, that: (a) signs this Agreement as the franchisee (i.e., “you”) if this Agreement is signed by an Entity; or (b) assumes this Agreement subsequent to its execution by the original Owners.

“Franchise Owner Agreement” means the Franchise Owner Agreement that must be signed by the Owners (and their spouses, if applicable) pursuant to §9, the current form of which is attached hereto as ATTACHMENT "D".

“General Release” means our then-current form of Waiver and Release of Claims that you and your Owners must sign pursuant to §4.2 (in connection with a renewal of your franchise rights) or §18.2 (in connection with a Transfer).

“Government Official” means any: (a) officer or employee of a Governmental Authority; (b) commercial or similar entity owned or controlled by a Governmental Authority, including state-owned and state-operated companies or enterprises; (c) public international organization (e.g., United Nations, World Bank); (d) political party or official thereof; or (e) candidate for political office.

“Governmental Authority” means any national, provincial, state, county, local, municipal or other

government, or any ministry, department, agency or subdivision thereof, whether administrative or regulatory, or any other body that exercises similar functions, and including any court or taxing authority.

“Gross Sales” means the total amount of gross revenues charged, invoiced or collected from all goods and services sold or otherwise provided at, within, from or through your Facility, including rent, membership fees, coaching fees, charges for the use of amenities and technology, proceeds from the sale of food, beverages and merchandise and all other revenues you generate in any way related to your Business (including any business interruption insurance proceeds), whether in the form of cash, check, credit card, debit card, barter, exchange or otherwise, and regardless of collection. Any amounts we collect and pay you for servicing a National Account client will be included in Gross Sales. Gross Sales does not include sales or use taxes or amounts refunded to customers in bona fide refund transactions. The Manual may include policies governing the manner in which the proceeds from the sale of gift cards are treated for purposes of calculating Gross Sales. The Manual may also provide details on the calculation of Gross Sales relating to qualifying purchases and redemptions by members under any customer loyalty program we establish.

“Improvement” means any idea, addition, modification or improvement to (a) the goods or services offered or sold at a Facility, (b) the method of operation of a Facility, (c) the processes, systems or procedures utilized by a Facility, (d) the marketing, advertising or promotional materials, programs or strategies utilized by a Facility or (e) the trademarks, service marks, logos or other intellectual property utilized by a Facility, whether developed by you, your Owners, your employees or any other Person associated with you or your Facility.

“Indemnified Party” or “Indemnified Parties” means us and each of our past, present and future owners, members, officers, directors, employees and agents, as well as our parent companies, subsidiaries and affiliates, and each of their past, present and future owners, members, officers, directors, employees and agents.

“Intellectual Property” means, collectively or individually, the Business Data, Copyrighted Materials, Improvements, Know-how, Marks and System.

“Interim Term” means a month-to-month extension of the Term under the circumstances described in §4.3.

“Know-how” means all of our trade secrets and other proprietary information relating to the design, construction, development, marketing or operation of a SUCCESS Space Facility, including, but not limited to: architectural plans, drawings and specifications for a prototype Facility; site selection criteria; recipes for menu items; methods and techniques; standards and specifications; policies and procedures; supplier lists and information; marketing strategies; merchandising strategies; financial information; and information comprising the System or included in Manual.

“Law” means and includes all laws, judgments, decrees, orders, rules, regulations, ordinances, advisory opinions or official legal interpretations of any Governmental Authority.

“Limited Access Location” means a SUCCESS Space Facility (whether mobile or fixed, permanent or temporary) that is located within, or is a part of, a private business, governmental institution or other limited access facility. Examples of Limited Access Locations include SUCCESS Space Facilities located within:

- (i) hotels, motels, resorts, casinos or similar facilities;
- (ii) hospitals and other healthcare facilities;
- (iii) universities, schools and education facilities;
- (iv) military bases;
- (v) office buildings and business complexes;
- (vi) condominiums, apartment buildings and dormitories;
- (vii) private clubs; and

(viii) other similar facilities not accessible to the general public.

Access to Facilities in Limited Access Locations is typically limited to owners, employees, members, transient guests, students or residents of such businesses, institutions or facilities.

“Limited Services Facility” means a limited-scope membership-based shared workspace facility that: (a) operates under the SUCCESS Space trademarks; (b) operates in conjunction with a SUCCESS Space Facility; (c) provides members with access to temporary workspace; (d) does not include a café or provide members with access to certain amenities that are only available at a full-service SUCCESS Space Facility; and (e) may not require onsite management or supervision by an employee, manager or representative.

“Local Marketing Commitment” means the minimum amount of money you must spend each month on local advertising and marketing to promote your Facility in accordance with §10.3(a).

“Losses and Expenses” means and includes any or all of the following: compensatory, exemplary and punitive damages; fines and penalties; attorneys’ fees; experts’ fees; court costs; costs associated with investigating and defending against Claims; settlement amounts; judgments; compensation for damages to reputation or goodwill; and all other costs, damages, liabilities and expenses associated with any of the foregoing losses and expenses or otherwise incurred by an Indemnified Party as a result of a Claim.

“Managing Owner” means the Owner you designate and we approve who is primarily responsible for the management and supervision of your Facility in accordance with §8.1.

“Manual” means our confidential Brand Standards Manual for the operation of Facility, as further described in §11.2. The Manual may consist of multiple volumes of printed text, video and/or audio tapes and files, computer disks and other electronically stored data.

“Marks” means and includes all service marks, trademarks, trade names and logos that we designate from time to time and authorize SUCCESS Space Facilities to use, including “SUCCESS,” “SUCCESS Space,” “SUCCESS Coaching” and the associated logos. The Marks also include any distinctive trade dress used to identify a SUCCESS Space Facility.

“National Account” means an institutional client, group of clients, organization, association or entity that contracts with us to enable its employees, members or other constituents to access SUCCESS Space Facilities and receive the various benefits and privileges associated with a SUCCESS Space membership as further described in §6.9.

“Operational Data” means and includes all data and information pertaining to the operation of your Facility, including, without limitation, employee data, expense data, financial accounting data and Gross Sales data.

“Owner” means a Person who either: (a) directly signs this Agreement as the franchisee (either alone or in conjunction with one or more other Persons); or (b) directly or indirectly (through one or more intermediaries) owns any Equity Interest in the Franchisee Entity (if the franchisee under this Agreement is an Entity).

“PCI-DSS” means the payment card industry data security standard, which is a set of security requirements established by the following major credit card brands from time to time: American Express, Discover Financial Services, JCB International, MasterCard Worldwide, and Visa Inc., which standards are set forth at <https://www.pcisecuritystandards.org> as of the Effective Date.

“Permitted Transfer” means: (a) a Transfer from one Owner to another Owner who was an approved Owner prior to such Transfer, other than a Transfer that results in the Managing Owner holding less than a 20% ownership interest in the Business or the Franchisee Entity, as applicable; and/or (b) a Transfer by the Owners to a newly established Franchisee Entity for which such Owners collectively own and control 100% of the Equity Interests.

“Person” means an individual, Entity, unincorporated organization, joint venture, Governmental Authority, estate (or executor thereof) or trust (or trustee thereof).

“Post-Term Restricted Period” means, with respect to you, a period of two (2) years after the termination,

expiration or Transfer of this Agreement; *provided, however*, that if a court of competent jurisdiction determines the two-year Post-Term Restricted Period is too long to be enforceable, then Post-Term Restricted Period means a period of one (1) year after the termination, expiration or Transfer of this Agreement.

“Post-Term Restricted Period” means, with respect to an Owner, a period of two (2) years after the earlier to occur of: (a) the termination, expiration or Transfer of this Agreement; or (b) the Owner’s Transfer of his or her entire ownership interest in the Business or the Franchisee Entity, as applicable; *provided, however*, that if a court of competent jurisdiction determines the two-year Post-Term Restricted Period is too long to be enforceable, then Post-Term Restricted Period means a period of one (1) year after the earlier to occur of: (a) the termination, expiration or Transfer of this Agreement; or (b) the Owner’s Transfer of his or her entire ownership interest in the Business or the Franchisee Entity, as applicable.

“Program Participation Rules” means the policies, procedures, fees and other requirements pertaining to any gift card, loyalty, membership or other program we implement pursuant to §11.12(a).

“Prohibited Activities” means and includes any of the following: (a) owning, operating or having any other interest (as an owner, partner, director, officer, employee, manager, consultant, shareholder, creditor, representative, agent or in any similar capacity) in any Competitive Business, other than owning an interest of 5% or less in a publicly traded company that is a Competitive Business; (b) disparaging or otherwise making negative comments about us, any of our affiliates, the System and/or any SUCCESS Space Facility; (c) diverting or attempting to divert any business from us (or one of our affiliates or franchisees); or (d) inducing any SUCCESS Space member to transfer their business to a competitor.

“Restricted Territory” means the geographic area within: (a) a five (5) mile radius from your Facility (and including the premises of your Facility); (b) a five (5) mile radius from all other SUCCESS Space Facilities that are operating or under construction as of the Effective Date and remain in operation or under construction during all or any part of the Post-Term Restricted Period; and (c) the development territory awarded to you or any affiliate of yours pursuant to a SUCCESS Space Area Development Agreement (if applicable); *provided, however*, that if a court of competent jurisdiction determines that the foregoing Restricted Territory is too broad to be enforceable, then Restricted Territory means the geographic area within a five (5) mile radius from your Facility (and including the premises of your Facility).

“Revenue Share” means the revenue share paid to you based on Access Revenues collected by us or our affiliate in connection with the operation of a Limited Services Facility that is located in your Territory, as further described in §6.10.

“Site Approval Notice” means the Site Approval Notice attached hereto as ATTACHMENT "B" that we issue to you in accordance with §3 and §7.1 to identify the approved site for your Facility and designate the boundaries of your Territory.

“Site Selection Area” means the geographic area described in Part B of ATTACHMENT "A".

“SUCCESS Space Facility” or “Facility” means a membership-based shared workspace facility that operates under the Marks and offers flexible rental options combined with access to onsite professional business coaching, virtual communication technology, a limited-service café and various other amenities. The term may refer to a Facility operated by us, our affiliate, you or another franchisee, as the context may require.

“SUCCESS Spaceware” means our proprietary business management software that: (a) tracks the amount of time private workspace is rented by members; (b) integrates with other required software, Apps and programs, including our designated point-of-sale system for invoicing and payment processing; and (c) measures and tracks key performance indicators, business transactions and other operational data through a dashboard. The term also includes and modified version of SUCCESS Spaceware or successor program.

“Successor Agreement” means our then-current form of SUCCESS Space Franchise Agreement you must sign pursuant to §4.2 in order to renew your franchise rights.

“System” means the proprietary business format and system we developed for the operation of a

SUCCESS Space Facility, the distinctive characteristics of which include, among other things: SUCCESS Space designs, furniture, fixtures and equipment; site selection and layout criteria; distinctive interior and exterior design, décor, signage, color scheme and other trade dress elements; proprietary and nonproprietary products; quality, distinctiveness and uniformity of products and services; standards, specifications, policies and procedures for Facility construction, management and operations; membership model; proprietary SUCCESS Spaceware business management platform; training programs; and advertising and promotional programs.

“Technology Systems” means and includes all information and communication technology systems we specify from time to time, including, without limitation, computer systems, point-of-sale systems, webcam systems, telecommunications systems, security systems, music systems, audio visual systems and similar systems, together with the associated hardware, software (including cloud-based software) and related equipment, software applications, mobile apps, and third-party services relating to the establishment, use, maintenance, monitoring, security or improvement of these systems.

“Term” means the period of time beginning on the Effective Date and expiring on the earlier to occur of: (a) the 10th anniversary of the Effective Date; or (b) the date this Agreement is effectively terminated for any reason.

“Territory” is defined in §3.

“Transfer” means any direct or indirect, voluntary or involuntary (including by judicial award, order or decree), assignment, sale, conveyance, subdivision, sublicense or other transfer or disposition of:

- (a) this Agreement (or any interest therein);
- (b) the franchise rights or intellectual property rights granted by this Agreement (or any interest therein);
- (c) the Business conducted by you pursuant to this Agreement (or any interest therein);
- (d) the right to manage the Facility or occupy the Facility’s premises;
- (e) the Facility’s assets (other than the sale of fixtures or equipment in the ordinary course of business); or
- (f) an Equity Interest in the Franchisee Entity;

including by merger or consolidation, by issuance of additional Equity Interests in the Franchisee Entity, or by operation of Law, will or a trust upon the death of an Owner (including the Laws of intestate succession).

“We” or “us” is defined in the Introductory Paragraph.

“You” is defined in the Introductory Paragraph.

2. **GRANT OF FRANCHISE.** We hereby grant you the right and license to own and operate one (1) SUCCESS Space Facility using our Intellectual Property from a site that we approve. As a franchisee, you will establish and operate a shared workspace facility that offers flexible rental options combined with access to onsite professional business coaching, virtual communication technology, a limited-service Café and various other amenities. We reserve all rights not expressly granted to you.
3. **TERRITORIAL RIGHTS AND LIMITATIONS.** We will grant you a territory (your “Territory”) that includes a minimum population of 50,000. If we approve the site for your Facility prior to execution of this Agreement, then Part D of ATTACHMENT "A" shall identify the geographic area that comprises your Territory. If we do not approve the site for your Facility prior to execution of this Agreement, then within 15 days after site approval we will send you a Site Approval Notice that identifies: (a) the approved site for your Facility; and (b) the geographic area that comprises your Territory. Your Territory will be protected, meaning we will not develop or operate, or grant a franchise or license to a third party to develop or operate, a SUCCESS Space Facility that is physically located within your Territory during the Term, except as otherwise provided in this Section with respect to Limited Access Locations, Acquisitions and Limited Services Facilities. We reserve the right to: (a) develop and operate, and grant

franchises or licenses to third parties to develop and operate, SUCCESS Space Facilities in Limited Access Locations within your Territory; (b) engage in Acquisitions, even if as a result of an Acquisition one or more competitive businesses of the acquired or acquiring company that are located in your Territory convert to and begin operating as SUCCESS Space Facilities using our Intellectual Property (including our Marks); and (c) develop and operate, and grant franchises or licenses to third parties to develop and operate, Limited Services Facilities from any site within your Territory that is located a minimum of three (3) miles from your Facility, subject to your right to receive a Revenue Share pursuant to §6.10 in connection with any Limited Services Facility located in your Territory. We reserve the right to sell, or grant franchises or licenses to third parties to sell, competitive or identical goods or services (including under the Marks) through Alternative Channels of Distribution, irrespective of whether the sales take place in your Territory.

4. TERM AND RENEWAL.

4.1. Generally. This Agreement grants you the right to operate your Facility only during the Term. Provided that you satisfy all conditions for renewal specified below, you may enter into a maximum of one (1) Successor Agreement following the expiration of the Term. The Successor Agreement shall be the current form of franchise agreement we use in granting franchises as of the expiration of the Term, the terms of which may vary materially and substantially from the terms of this Agreement. Upon renewal, we also reserve the right to modify the boundaries of your Territory in accordance with our then-current territory guidelines and criteria. The renewal term will be 10 years, for a maximum total term of 20 years. You have no right to operate your Facility following the expiration of the renewal term unless we grant you one (1) or more additional renewal terms in our sole discretion. If this Agreement is a Successor Agreement, the renewal provisions in your original franchise agreement will dictate the length of the Term of this Agreement as well as your remaining renewal rights, if any.

4.2. Renewal Requirements. In order to enter into a Successor Agreement, you and the Owners (as applicable) must:

- (i) notify us in writing of your desire to enter into a Successor Agreement not less than 360 days nor more than 540 days before the expiration of the Term;
- (ii) not be in default under any Definitive Agreement at the time you send the renewal notice or the time you sign the Successor Agreement (we may also prohibit you from renewing if you received three (3) or more default notices from us during the Term);
- (iii) sign the Successor Agreement and all ancillary agreements required by the Successor Agreement;
- (iv) sign a General Release;
- (v) pay us a renewal fee equal to 35% of our then-current standard initial franchise fee;
- (vi) remodel your Facility and upgrade its furniture, fixtures and equipment to comply with our then-current standards and specifications; and
- (vii) extend the term of your lease for the duration of the renewal term.

If we elect not to renew or offer you the right to renew, we will send you a written notice of non-renewal at least 180 days prior to the expiration date, which shall set forth the basis for our decision not to renew or offer you the right to renew. Our failure to send you a notice of non-renewal at least 180 days prior to the expiration date shall constitute our offer to renew your franchise in accordance with, and subject to, the renewal terms and conditions set forth above. If you have any objections to our notice of non-renewal, including any dispute as to the basis for our decision not to renew, you must send us a written notice of objection that sets forth the basis for your objections. Your notice of objection must be sent to us no later than 30 days after you receive our notice of

non-renewal. Your failure to send us a written notice of objection during such 30-day period shall constitute your agreement to the non-renewal of your franchise.

- 4.3. **Interim Term.** If you do not sign a Successor Agreement after the expiration of the Term and you continue to accept the benefits of this Agreement, then at our option, this Agreement may be treated either as: (a) expired as of the date of the expiration with you then operating without a franchise to do so and in violation of our rights; or (b) continued on a month-to-month basis (the “Interim Term”) until either party provides the other party with 30 days’ prior written notice of the party’s intention to terminate the Interim Term. In the latter case, all of your obligations will remain in full force and effect during the Interim Term as if this Agreement had not expired, and all obligations and restrictions imposed on you upon the expiration or termination of this Agreement will be deemed to take effect upon the termination of the Interim Term.

5. TRAINING AND CONFERENCES

- 5.1. **Pre-Opening Initial Training Program.** Your Managing Owner and Designated Manager must successfully complete our initial training program before you open. Your Business Coach and Managing Owner must successfully complete our SUCCESS Space Coaching Certification Program pursuant to §8.3 before you open.
- 5.2. **Initial Training After Opening.** If you hire a new Designated Manager or appoint a new Managing Owner after you open, the new Designated Manager or Managing Owner, as applicable, must successfully complete our then-current initial training program.
- 5.3. **Periodic Training.** We may offer periodic system-wide refresher, supplemental or additional training courses for your Managing Owner, Designated Manager and Business Coach. We may designate attendance at these training programs as optional or mandatory.
- 5.4. **Additional Training Upon Request.** Upon your written request, we may (but need not) provide additional assistance or training to you at a mutually convenient time.
- 5.5. **Remedial Training.** If we determine that you are not operating your Facility in full compliance with this Agreement and/or the Manual, we may, at our option, require that your Managing Owner, Designated Manager and/or Business Coach attend remedial training that is relevant to your operational deficiencies.
- 5.6. **Conferences.** We may hold periodic national or regional conferences to discuss various operational and business matters affecting SUCCESS Space Facilities. Attendance at these conferences is mandatory for your Managing Owner (and, if we so require, your Designated Manager and/or Business Coach), but we will not require attendance at more than one (1) conference during any calendar year.
- 5.7. **Training Fees and Expenses.** In exchange for the \$12,500 initial training fee we provide (a) pre-opening initial training for your Managing Owner and Designated Manager and (b) our SUCCESS Space Coaching Certification Program for your Managing Owner and one (1) Business Coach. If you send more than one (1) Business Coach to our SUCCESS Space Coaching Certification Program, we will charge an additional training fee of \$2,500 per Person (if the training occurs within 12 months after the Effective Date) or \$5,000 per Person (if the training occurs more than 12 months after the Effective Date). You also must pay us an additional training fee of up to \$500 per Person per day for:
- (i) each Person that attends our initial training program after you open your Facility (such as a new Managing Owner or Designated Manager);
 - (ii) any Person who retakes training after failing on a prior attempt;
 - (iii) any remedial training we require based on your operational deficiencies;

- (iv) each Person to whom we provide additional training that you request; and
- (v) each Person who attends any system-wide or additional training program we conduct.

If we agree to provide onsite training or assistance, you must also reimburse us for all costs incurred by our representative for meals, travel and lodging (this reimbursement obligation does not apply to any preopening initial training we conduct onsite at your Facility). We may charge you a conference registration fee of \$1,000 per attendee per conference. You are responsible for all expenses and costs your trainees incur for training or attending conferences, including wages, travel and living expenses. All training fees and expense reimbursements are due 10 days after invoicing, other than the initial training fee which is due prior to commencement of training.

6. OTHER FRANCHISOR ASSISTANCE.

- 6.1. **Manual.** Throughout the Term, we will provide you with access to our Manual in text, electronic format or in any other format we deem appropriate. The Manual will help you establish and operate your Business. The information in the Manual is confidential and proprietary and may not be disclosed to third parties without our prior approval.
- 6.2. **Business Management Platform.** We will license you the right to utilize SUCCESS Spaceware. We reserve the right to modify this platform and/or discontinue licensing SUCCESS Spaceware at any time upon at least 30 days' prior notice. SUCCESS Spaceware (and each of its components) is confidential and remains our property. At the time you sign this Agreement, you must also sign a Software License Agreement in the form we designate, which will govern the terms under which you may utilize SUCCESS Spaceware.
- 6.3. **Field Visits.** We have the right, but not the obligation, to conduct periodic field visits for purposes of providing onsite consultation, assistance and guidance pertaining to the operation and management of your Facility. We may prepare and provide you with a report detailing any problems or concerns observed during the field visit together with required or suggested changes or improvements to address or resolve such problems or concerns. You must implement all required changes or improvements in the time and manner we specify.
- 6.4. **General Guidance.** Based on periodic inspections of your Facility, field visits or reports you submit to us, we will provide our guidance and recommendations on ways to improve the marketing and/or operation of your Business. We may also provide periodic individual or group advice, consultation and assistance through site visits, conference calls, mail or email.
- 6.5. **Marketing Assistance.** As further described in §10.1 and §10.2, we may, but need not, administer the brand and system development fund and provide you with other marketing assistance during the Term.
- 6.6. **Website.** We will maintain a corporate website for the SUCCESS Space brand that will include such information about your Facility that we deem appropriate. We may modify the content of and/or discontinue the website at any time in our sole discretion.
- 6.7. **Email Addresses.** We will provide you with one or more SUCCESS Space email addresses for use with your Business. You must exclusively use the email address or addresses we provide for all communications with us, customers, suppliers and other Persons relating to your Business. You may not use any email address we provide for any purpose unrelated to your Business. We own the email addresses and accounts but allow you to use them during the Term.
- 6.8. **Purchase Agreements.** We may, but need not, negotiate purchase agreements with suppliers to obtain discounted prices for us and our franchisees. If we succeed in negotiating a purchase agreement, you may purchase the goods directly from the supplier at the discounted prices we negotiate (subject to any rebates the supplier pays to us). We may also purchase certain items from suppliers in bulk and resell them to you at our cost plus shipping fees and a reasonable markup.

- 6.9. National Accounts.** We may, but need not, negotiate contracts with National Account clients. The contract we negotiate with a National Account client may include membership privileges for its employees, members or other constituents, enabling them to visit and enjoy membership privileges and benefits from any SUCCESS Space Facility. These contracts may include discounted pricing and other nonstandard terms and conditions that we make available to National Account clients and their constituents. You are required to honor these terms and conditions if any National Account constituents visit your Facility. Your failure to do so is a material breach of this Agreement. The terms of the National Accounts program, including the compensation paid to Facilities visited by National Account constituents, will be described in the Manual and may change from time to time. Once established, we may eliminate the National Accounts program at any time. We do not guarantee that we will be successful in negotiating contracts with National Account clients or that you will generate any revenue as a result of any contract we do negotiate.
- 6.10. Limited Services Facilities.** The Limited Services Facility concept was developed to compliment traditional SUCCESS Space Facilities and maximize market penetration and use by members. Every SUCCESS Space member is permitted to rent workspace at any Limited Services Facility. Limited Services Facilities do not issue memberships to members. All memberships are issued by traditional SUCCESS Space Facilities. In connection with any Limited Services Facility that is located within your Territory, we or our affiliate will pay you a revenue share calculated as 10% of the monthly Access Revenues collected by us or our affiliate, as applicable, from the operation of such Limited Services Facility (the "Revenue Share"). We or our affiliate will pay you any Revenue Share to which you are entitled on or before the 15th day of each month based on Access Revenues collected by us or our affiliate during the immediately preceding month. You must provide members using any Limited Services Facility located in your Territory with reasonable "virtual" access to your Business Coach in accordance with our policies in the Manual.

7. ESTABLISHING YOUR BUSINESS

- 7.1. Site Selection.** You agree to locate and obtain our approval of the premises for your Facility within 120 days after the Effective Date. The premises must be located within the Site Selection Area and conform to our minimum site selection criteria. You must send us a complete site report that includes all demographic, commercial and other information, photographs and videos we require. We may accept or reject sites you propose in our commercially reasonable judgment. We will use our best efforts to issue our approval or disapproval within 30 days after we receive all of the requisite materials. Your site is deemed disapproved if we fail to issue our written approval within the 30-day period. If we approve the site for your Facility prior to execution of this Agreement, then the address of the approved site will be listed in Part C of ATTACHMENT "A". If we do not approve the site for your Facility prior to execution of this Agreement, then within 15 days after we approve your site we will send you a Site Approval Notice that identifies: (a) the address of your approved site; and (b) the geographic area that comprises your Territory. Within five (5) business days after we send you the Site Approval Notice, you must sign and date the franchisee acknowledgment section of the Site Approval Notice and send us a copy for our records. Our approval of the site and designation of your Territory in the Site Approval Notice is immediately effective and binding on you at the time we issue such notice, regardless of whether you sign and/or send us the signed acknowledgment. Our approval of a site does not constitute a representation or warranty of any kind, express or implied, of the suitability of the site for a SUCCESS Space Facility. It indicates only that we believe the site meets our minimum criteria. If you diligently attempt to identify and obtain our approval of the site for your Facility by the required deadline set forth above but circumstances outside your control prevent you from doing so, you may request that we grant you an extension of this deadline. Your request must be in writing, describe the reasons for the delay and indicate when you expect to provide us with a proposed site for our consideration. We will not unreasonably withhold our approval of your extension request.
- 7.2. Lease.** If you lease the premises for your Facility, you must use your best efforts to ensure your

landlord signs the Lease Addendum attached as ATTACHMENT "C". If your landlord refuses to sign the Lease Addendum in substantially the form attached to this Agreement we may either: (a) waive the Lease Addendum requirement (or the provisions disapproved by the landlord); or (b) require that you find a new site for your Facility. You must promptly send us a copy of your fully executed lease and Lease Addendum for our records.

7.3. Design & Construction. We provide you with our standard construction manual and build-out package materials, including prototypical plans and specifications, site criteria and sample site plans. You must hire an architect to prepare the initial design plans for your Facility (consistent with our construction manual and build-out package materials). We must approve the design plans to ensure they are consistent with our system standards. Once approved, your architect must prepare detailed construction plans that: (a) are consistent with our construction manual and build-out package materials and the approved design plans; (b) satisfy all required standards and specifications in the Manual; and (c) comply with all Laws (including, without limitation, the Americans with Disabilities Act), building codes, permit and lease requirements and restrictions applicable to the premises. You must submit the final construction plans to us for approval. The limited purpose of our review is to verify construction plans are consistent with our system standards. Once approved, you must, at your sole expense, construct and equip the premises according to the approved construction plans as well as the specifications contained in the Manual. You must also purchase (or lease) and install the Technology Systems, equipment, fixtures, signs and other items that we require. We will assist you in formulating your initial orders for these items. We must approve the architect and general contractor you use.

7.4. Opening. If we approve the site for your Facility before executing this Agreement, then you must open your Facility to the public no later than 180 days after the Effective Date. If we do not approve the site for your Facility before executing this Agreement, then you must open your Facility to the public no later than 120 days after the later to occur of: (a) the date of the Site Approval Notice we send you pursuant to §7.1; or (b) the date you are first granted possession of the premises under the terms of your lease. You may not open your Facility prior to receipt of a written authorization to open issued by us. We will not issue an authorization to open before:

- (i) your Managing Owner and Designated Manager successfully complete the initial training program;
- (ii) your Business Coach successfully completes the SUCCESS Space Coaching Certification Program;
- (iii) you purchase all required insurance and furnish us with evidence of coverage;
- (iv) you obtain all required licenses, permits and other governmental approvals; and
- (v) we review and approve the construction, build-out and layout of your Facility.

You must send us a written notice identifying your proposed opening date at least 30 days before opening. We may conduct a pre-opening inspection of your Facility. You must make all changes we require before opening. If you diligently attempt to open your Facility by the required deadline set forth above but circumstances outside your control prevent you from doing so, you may request that we grant you an extension of your opening deadline. Your request must be in writing, describe the reasons for the delay and identify your new anticipated opening date. We will not unreasonably withhold our approval of your extension request.

7.5. Relocation. You may relocate your Facility with our prior written approval, which we will not unreasonably withhold. If we allow you to relocate, you must: (a) locate your new Facility within the Site Selection Area (but outside any territory granted to us, our affiliate or any other franchisee); (b) comply with §7.1 through §7.4 with respect to your new Facility (other than the required time to open specified in §7.4); and (c) open your Facility at the new location and resume operations within 30 days after closing the Facility at your prior location.

8. MANAGEMENT AND STAFFING.

8.1. Owner Participation. You must designate an Owner who will have overall responsibility for the management and operation of your Facility (the “Managing Owner”). The Managing Owner must:

- (i) be approved by us;
- (ii) have authority to bind you on all business decisions;
- (iii) successfully complete all training programs we require;
- (iv) live within a one-hour drive from your Facility;
- (v) dedicate full-time efforts to the onsite management of the Facility (unless you hire a Designated Manager pursuant to §8.2); and
- (vi) at all times hold at least a 20% ownership interest in the Business or the Franchisee Entity, as applicable.

Any new Managing Owner you appoint and we approve must successfully complete all of our then-current initial training programs before assuming responsibility for the management of your Facility.

8.2. Designated Managers. You may hire a designated manager (your “Designated Manager”) to assist the Managing Owner with the onsite management and supervision of your Facility. Any Person you hire as a Designated Manager must:

- (i) be approved by us;
- (ii) have at least three (3) years of experience as a manager of a retail business;
- (iii) successfully complete all training programs we require;
- (iv) dedicate full-time efforts to the onsite management and supervision of your Facility; and
- (v) sign a Brand Protection Agreement.

At all times during normal business hours, either the Managing Owner or the Designated Manager must be present at your Facility to provide onsite management and supervision. You may also hire assistant managers who would report to the Managing Owner or your Designated Manager. The Managing Owner must monitor and supervise the activities of the Designated Manager to ensure the Facility is operated in accordance with this Agreement and the Manual.

8.3. Business Coach. You must hire a full-time business coach (your “Business Coach”) to provide business coaching services at your Facility. Your Business Coach must: (a) successfully complete all required training programs for Business Coaches, including the SUCCESS Space Coaching Certification Program and all required recertification training programs as set forth in the SUCCESS Enterprises Certified Coaching Agreement; and (b) sign a Brand Protection Agreement. You must have a fully trained Business Coach prior to opening your Facility.

8.4. Employees. You must determine appropriate staffing levels for your Business to ensure full compliance with this Agreement and our system standards. You may hire, train and supervise employees to assist you with the proper operation of the Business. You must pay all wages, commissions, fringe benefits, worker’s compensation premiums and payroll taxes (and other withholdings required by Law) due for your employees. These employees will be employees of yours and not of ours. We do not control the day to day activities of your employees or the manner in which they perform their assigned tasks. You must inform your employees that you exclusively supervise their activities and dictate the manner in which they perform their assigned tasks. In this regard, you must use your legal business Entity name (not our Marks or a fictitious name) on all employee applications, paystubs, pay checks, employment agreements, time cards, and similar

items. We also do not control the hiring or firing of your employees. You have sole responsibility and authority for all employment related decisions, including employee selection and promotion, hours worked, rates of pay and other benefits, work assignments, training and working conditions. We will not provide you any advice or guidance on these matters. You must require that your employees review and sign the acknowledgment form we prescribe that explains the nature of the franchise relationship and notifies the employee that you are his or her sole employer. You must also post a conspicuous notice for employees in the back-of-the-house area explaining your franchise relationship with us and that you (and not we) are the employee's sole employer. We may prescribe the form and content of this notice.

9. FRANCHISEE AS ENTITY. You represent that Part A of ATTACHMENT "A" includes a complete and accurate list of your Owners. Upon our request, you must provide us with a resolution of the Franchisee Entity authorizing the execution of this Agreement, a copy of the Franchisee Entity's organizational documents and a current Certificate of Good Standing (or the functional equivalent thereof). All Owners of the Franchisee Entity (whether direct or indirect) and their spouses must sign a Franchise Owner Agreement.

10. ADVERTISING & MARKETING.

10.1. Brand and System Development Fund. We may, but need not, establish and maintain a brand and system development fund to promote public awareness of our brand and improve our System. Once the fund is established, you must pay us a brand fund fee equal to 1% of your Gross Sales generated during the prior month. Brand fund fees are due on each royalty payment due date. We may use the fund to pay for any of the following in our sole discretion:

- (i) developing, maintaining, administering, directing, preparing, or reviewing advertising and marketing materials, promotions and programs;
- (ii) conducting and administering promotions, contests or giveaways;
- (iii) improving public awareness of the Marks;
- (iv) public and consumer relations and publicity;
- (v) brand development;
- (vi) sponsorships;
- (vii) charitable and non-profit donations and events;
- (viii) research and development of technology, products and services;
- (ix) website development and search engine optimization;
- (x) development of an ecommerce platform;
- (xi) development and implementation of quality control programs, including the use of mystery shoppers or customer satisfaction surveys;
- (xii) conducting market research;
- (xiii) changes and improvements to the System;
- (xiv) the fees and expenses of any advertising agency we engage to assist in producing or conducting advertising or marketing efforts;
- (xv) collecting and accounting for contributions to the fund;
- (xvi) preparing and distributing financial accountings of the fund;
- (xvii) any other programs or activities we deem necessary or appropriate to promote or improve

the System; and

- (xviii) direct or indirect labor, administrative, overhead and other expenses incurred by us and/or our affiliates in relation to any of these activities, including salary, benefits and other compensation of any of our (and any of our affiliate's) officers, directors, employees or independent contractors based upon time spent working on any brand fund matters described above.

We have sole discretion in determining the content, concepts, materials, media, endorsements, frequency, placement, location and all other matters pertaining to any of the foregoing marketing or advertising activities. Any surplus of monies in the fund may be invested and we may lend money to the fund if there is a deficit. The fund is not a trust and we have no fiduciary obligations to you with respect to our administration of the fund. A financial accounting of the operations of the fund, including deposits into and disbursements from the fund, will be prepared annually and made available to you upon request. In terms of marketing activities paid for by the fund, we do not ensure these expenditures in or affecting any geographic area are proportionate or equivalent to the fund contributions by franchisees operating in that geographic area or that any franchisee benefits directly or in proportion to their fund contributions. Once established, we reserve the right to discontinue the fund at any time in our sole discretion upon at least 30 days' prior notice.

10.2. Marketing Assistance From Us. We may create and make available to you advertising and other marketing materials. We may use the brand and system development fund to pay for the creation and distribution of these materials, in which case there will be no additional charge. We may make these materials available over the Internet, in which case you must arrange for printing the materials and paying all printing costs. Alternatively, we may enter into relationships with third-party suppliers who will create the advertising or marketing materials for your purchase. We will assist you in developing a grand opening marketing plan to promote the grand opening of your Facility and generate brand awareness in your market. We will provide reasonable marketing consulting, guidance and support throughout the Term on an as-needed basis.

10.3. Your Marketing Activities.

- (a) Generally. Commencing with the opening date of your Facility, each month you must spend the minimum amount we specify on local advertising to promote your Facility (the "Local Marketing Commitment"). As of the Effective Date, the Local Marketing Commitment is the lesser of: (a) 7% of monthly Gross Sales; or (b) \$10,000 per month. We may adjust the Local Marketing Commitment from time to time on at least 30 days' prior notice; *provided, however*, that in no event will the Local Marketing Commitment exceed the greater of: (a) 10% of Gross Sales; or (b) \$10,000 per month. We will measure your compliance with this requirement on a rolling six (6)-month basis, meaning that as long as your average monthly expenditure on local advertising over the six (6)-month period equals or exceeds the Local Marketing Commitment, you are deemed in compliance even if your expenditure in any given month is less than the Local Marketing Commitment. The Manual may list certain expenditures that will not be credited towards the Local Marketing Commitment, including salaries or other compensation paid to your employees, charitable or political contributions, the value of discounts given to consumers and other credits not approved by us in advance. The Local Marketing Commitment is in addition to your pre-opening fee and brand fund contributions. You must participate at your own expense in all advertising, promotional and marketing programs we require, including any advertising cooperative established pursuant to §10.4.
- (b) Grand Opening. You must pay us a \$15,000 pre-opening marketing fee 60 days prior to your anticipated opening date. We will spend these funds to implement your grand opening marketing campaign during the period beginning 60 days before opening and ending 60 days after opening. The \$15,000 pre-opening marketing fee is in addition to (and does not count towards) your Local Marketing Commitment. If you and we mutually agree it would be

beneficial for us to spend more than \$15,000 on your grand opening marketing campaign, then you must reimburse for all amounts we spend in excess of the \$15,000 minimum within 10 days of invoicing.

- (c) Standards for Advertising. All advertisements and promotions you create or use must be completely factual and conform to the highest standards of ethical advertising and comply with all Laws, including the CAN-SPAM Act of 2003 and other consumer protection Laws relating to unsolicited marketing by businesses. You must ensure your advertisements and promotional materials do not infringe upon the intellectual property rights of others. You must comply with any minimum advertised pricing policy we establish from time to time.
- (d) Designated Marketing Area. You must direct all marketing and advertising efforts within your Designated Marketing Area. You may not market or advertise outside of your DMA except to the extent permitted by, and solely in compliance with, all policies and procedures set forth in the Manual governing advertising and marketing by a franchisee outside of their DMA. You understand that your DMA is not exclusive and does not include any protected rights. Other Facilities located within your DMA may also market and advertise within your DMA. Facilities located outside of your DMA may market and advertise within your DMA to the extent permitted by the Manual. There are no geographic limitations on our right to market and advertise the SUCCESS Space brand generally to the public (including our right to promote the SUCCESS Space franchise opportunity), and we have the unrestricted right to engage in such marketing and advertising within your DMA and within your Territory.
- (e) Approval of Advertising. Prior to use, we must approve all advertising and marketing materials and programs you intend to use, including all advertising and marketing materials we did not prepare or previously approve (and including materials we prepare or approve and you modify). We must also approve the media you intend to use. You may not use any advertising materials, programs or media that have not been approved by us (including materials, programs or media we previously approved and later disapprove). We have 15 days to review and approve advertising and marketing materials and programs you submit for approval. Our failure to issue our approval within the 15-day period constitutes our disapproval.
- (f) Social Media. You may advertise and market your Facility using social media, subject to the following requirements:
 - (i) you may only utilize social media platforms we approve;
 - (ii) you must strictly comply with our social media policy (as revised from time to time);
 - (iii) you must immediately remove any post we disapprove (even if it complies with our social media policy); and
 - (iv) we may require that you utilize a supplier we designate for social media marketing services;
 - (v) you must
 - (vi)
- (g) Internet and Websites. Without our prior approval, which we may withhold in our sole discretion, you may not: (i) develop, host, create or otherwise maintain a website or other online or digital presence in connection with your Facility, including any website bearing our Marks; (ii) conduct digital or online marketing or advertising; or (iii) engage in ecommerce. If we grant our approval to maintain a website, you may do so provided that:
 - (i) you obtain our approval of: (a) the website's domain name (which we will own); (b) the website's design, layout and webpages; (c) all designs, artwork, graphics and images

displayed on the website; (d) all content on the website (and all changes to the content); and (e) all uses and manner of display of our Marks;

- (ii) your website conforms to all of our standards, specifications, policies, procedures and other requirements for websites, whether set forth in the Manual or otherwise;
- (iii) your website does not include any material in which a third party has any direct or indirect ownership interest (including, without limitation, video clips, photographs, sound bites, copyrighted text, trademarks or service marks, or any other text or image in which a third party may claim intellectual property rights);
- (iv) you establish and implement a privacy policy that complies with applicable Law;
- (v) you include on your website, in the manner we require, all hyperlinks or other links that we require; and
- (vi) you provide us with administrative rights and the administrator password.

You will be solely responsible for all costs associated with the development, hosting and maintenance of the website. However, we will be the exclusive owner of the website and all of its content. We will also be the exclusive owner of the website's domain name and associated URL.

10.4. Advertising Cooperative. We may, but need not, establish regional advertising cooperatives for purposes of creating and/or purchasing advertising programs for the benefit of all Facilities located in a particular region. We may: (a) determine the boundaries of the cooperative; (b) specify the manner in which the cooperative is organized and governed; (c) require the cooperative to be administered in accordance with written bylaws, organizational documents or other governing documents that we approve; and (d) require you to participate in the cooperative according to its rules and procedures and abide by its decisions. You must pay the cooperative advertising fee, which will be due on each royalty payment due date or on such other date established by the cooperative. We may set the minimum cooperative advertising fee or we may allow the cooperative to set the cooperative advertising fee based on majority vote of its members. In either case, the cooperative advertising fee will not exceed 1% of Gross Sales. We may either: (a) collect cooperative advertising fees and remit them to the applicable cooperative; or (b) require you to pay these fees directly to the cooperative. All cooperative advertising fees you pay are credited towards your Local Marketing Commitment. We reserve the right to form, change, merge or dissolve advertising cooperatives in our discretion.

11. OPERATING STANDARDS.

11.1. Generally. You agree to operate your SUCCESS Space Facility: (a) in a manner that will promote the goodwill of the Marks; and (b) in full compliance with our standards and all other terms of this Agreement and the Manual.

11.2. Brand Standards Manual. You agree to establish and operate your Facility in accordance with the Manual. The Manual may contain, among other things:

- (i) prototypical plans and specifications, site criteria and sample site plans for a SUCCESS Space Facility (which comprise our construction manual);
- (ii) a description of the authorized goods, services and amenities that you may offer, sell or otherwise make available at your Facility;
- (iii) specifications, operating procedures, and quality standards;
- (iv) reporting and insurance requirements;
- (v) policies and procedures pertaining to marketing and advertising;

- (vi) policies and procedures for catering and delivery services (to the extent we permit these services);
- (vii) policies and procedures pertaining to System programs such as gift card, loyalty or membership programs;
- (viii) policies and procedures relating to data ownership, protection, sharing and use; and
- (ix) a list of (a) the goods and services (or specifications for goods and services) you must purchase to develop and operate your Facility and (b) any designated or approved suppliers for these goods and services.

The Manual is designed to establish and protect our brand standards and the uniformity and quality of the goods and services offered by our franchisees. We can modify the Manual at any time. The modifications will become binding at the time we notify you of the modification (subject to any “grace period” we provide to implement the change). All mandatory provisions contained in the Manual (whether they are included now or in the future) are binding on you.

- 11.3. Authorized Goods and Services.** You agree to offer all goods and services we require from time to time in our commercially reasonable discretion. You may not offer any other goods or services without our prior written permission. Your Facility must include and make available to members all amenities we require from time to time. You may not use your Facility, or permit your Facility to be used, for any purpose other than offering the goods and services we authorize. All goods and services must be provided onsite at your Facility other than coaching services, which may be conducted virtually to the extent permitted by the Manual. We may, without obligation to do so, add, modify or delete authorized goods and services, and you must do the same upon notice from us. Our addition, modification or deletion of one or more goods or services shall not constitute a termination of the franchise or this Agreement.
- 11.4. Preparation of Menu Items.** All menu items and food products offered from or in connection with your Café must be prepared only by properly trained personnel and strictly in accordance with our recipes, techniques and processes (including the handling and storage of both ingredients and fully prepared menu items). These requirements are integral to the System and necessary in order to: (a) ensure all menu items prepared at your Café meet our high standards for health and wellness, taste, texture, appearance and freshness; and (b) protect the goodwill associated with our Marks. Your failure to adhere to these requirements will be detrimental to the System and the Marks.
- 11.5. Café Sales Restrictions.** You may only sell food and beverage products to retail customers while they are present at your Café. Unless you receive our prior written approval, you may not: (a) offer or sell food, beverage, merchandise or other goods or services from any location other than the premises of your Café; (b) produce, sell or provide food, beverage, merchandise or other goods or services through any other channel of distribution, including via catering or delivery service (unless otherwise approved by us), utilizing the services of a ghost kitchen or through an ecommerce site; (c) sell food, beverage, merchandise or other goods or services to any person for purposes of resale; or (d) use, or allow any other Person to use, the kitchen for your Café as a ghost kitchen (or in any similar capacity) for purposes of preparing menu items for other brands or culinary concepts. If we authorize you to provide catering and/or delivery services, you must strictly comply with all associated policies and procedures in the Manual, including, without limitation, use of designated third-party delivery service providers, pricing policies and restrictions on delivery service areas.
- 11.6. Pricing.** We will provide you with our suggested retail pricing. You may deviate from our suggested retail pricing in your discretion. However, to the extent permitted by applicable Law, we reserve the right to: (a) set maximum or minimum prices on the goods and services you offer; and (b) specify the membership fee you must charge members.
- 11.7. Customer Payments.** You must, at your expense, lease or purchase the necessary equipment and/or software and have arrangements in place with Visa, MasterCard, American Express and all

other credit card issuers we designate, in order for you to be able to accept such methods of payment from customers. You must accept debit cards, credit cards, stored value cards, and other non-cash systems (including, for example, APPLE PAY and/or GOOGLE WALLET) that we specify. You must acquire and install all necessary hardware and/or software used in connection with these non-cash systems.

11.8. Suppliers and Purchasing. You must purchase or lease all products, supplies, equipment, services and other items specified in the Manual from time to time. If required by the Manual, you must purchase certain goods and services only from suppliers we designate or approve (which may include, or be limited exclusively to, us or our affiliate). Our right to specify the suppliers you may use is necessary so we can control the uniformity and quality of goods and services used, sold or distributed in connection with the development and ongoing operation of SUCCESS Space Facilities, protect our trade secrets, negotiate bulk purchase discounts, and protect the reputation and goodwill associated with the System and the Marks. If we receive rebates or other financial consideration from these suppliers based on franchisee purchases, we have no obligation to pass them through to you or use them for any particular purpose. If you want us to approve a supplier you propose, you must send us a written notice specifying the supplier's name and qualifications and provide any additional information we request. We will issue our approval or disapproval within 30 days after receipt of your notice and all additional information (and samples) we require. We shall be deemed to have disapproved your request if we fail to issue our approval within the 30-day period. You must reimburse us for all costs and expenses we incur in reviewing a proposed supplier within 10 days after invoicing.

11.9. Equipment Maintenance and Changes. You must maintain your equipment in good condition and promptly replace or repair any equipment that is damaged, worn-out or obsolete. We may require that you change your equipment, which may require you to make additional investments. Our ability to require franchisees to make significant changes to their equipment is critical to our ability to administer and change the System and you agree to comply with any such required change within the time period we reasonably specify.

11.10. Technology Systems.

- (a) Generally. You must acquire and utilize Technology Systems we specify from time to time. The Technology Systems may relate to matters such as purchasing, pricing, accounting, order entry, inventory control, security, information storage, retrieval and transmission, customer information, member management, customer loyalty, marketing, communications, copying, printing and scanning, or any other business purpose that we deem appropriate. We may require that you, at your expense, acquire new or substitute Technology Systems, and/or replace, upgrade or update existing Technology Systems, upon reasonable prior notice.
- (b) Use and Access. You must utilize your Technology Systems in accordance with the Manual. You may not load or permit any unauthorized programs or games on your Technology Systems. You must ensure your employees are adequately trained in the use of the Technology Systems. You agree to take all steps necessary to enable us to have independent and unlimited access to the operational data collected through your Technology Systems, including information regarding your Gross Sales for purposes of calculating fees owed. Upon our request, you agree to provide us with the user IDs and passwords for your Technology Systems, including upon termination or expiration of this Agreement.
- (c) Disruptions. You are solely responsible for protecting against computer viruses, bugs, power disruptions, communication line disruptions, internet access failures, internet content failures, date-related problems, and attacks by hackers and other unauthorized intruders. Upon our request, you must obtain and maintain cyber insurance and business interruption insurance for technology disruptions.
- (d) Fees and Costs. You are responsible for all fees, costs and expenses associated with

acquiring, licensing, utilizing, updating and upgrading the Technology Systems. Certain components of the Technology Systems must be purchased or licensed from third-party suppliers. We and/or our affiliate may develop proprietary software, technology or other components of the Technology Systems that will become part of our System. If this occurs, you agree to: (i) pay us (or our affiliate) commercially reasonable licensing, support and maintenance fees; and (ii) upon request, enter into a license agreement with us (or our affiliate) in a form we prescribe governing your use of the proprietary software, technology or other component of the Technology Systems. We also reserve the right to enter into master agreements with third-party suppliers relating to any components of the Technology Systems and charge you for all amounts we pay to these suppliers based on your use of the software, technology, equipment, or services provided by the suppliers. Although we do not currently do so, we reserve the right to include within the technology fee a commercially reasonable administrative fee to compensate us for the time, money and resources we invest in administering the technology platform and the associated constituent components, negotiating with third-party licensors and managing those relationships, and collecting and remitting technology fees owed to third-party licensors on behalf of franchisees under master license arrangements. The “technology fee” includes all amounts that you pay us and/or our affiliates relating to the Technology Systems, including amounts paid for proprietary items and amounts we collect from you and remit to third-party suppliers based on your use of their systems, software, technology or services. The amount of the technology fee may change based on changes to the Technology Systems or prices charged by third-party suppliers with whom we enter into master agreements. The technology fee does not include any amounts you pay directly to third-party suppliers for any component of the Technology Systems. The technology fee is due 10 days after invoicing or as otherwise specified by us from time to time.

11.11. Remodeling and Maintenance. You must remodel, renovate and make all improvements to your Facility that we reasonably require from time to time to reflect our then-current standards and specifications. We will not require that you significantly remodel your Facility more than once during any five (5) year period, except as a condition to renewal or Transfer. There is no limitation on the cost of any remodeling we may require. You may not remodel or significantly alter your premises without our prior written approval, which will not be unreasonably withheld. However we will not be required to approve any proposed remodeling or alteration if the same would not conform to our then-current standards and specifications. You agree to maintain your Facility in good order and condition, reasonable wear and tear excepted, and make all necessary repairs, including replacements, renewals and alterations, at your sole expense, to comply with our standards and specifications. Without limiting the generality of the foregoing, you agree to take the following actions at your sole expense: (a) thorough cleaning, repainting, redecorating of the interior and exterior of the Facility’s premises at the intervals we may prescribe (or at such earlier times that such actions are required or advisable); and (b) interior and exterior repair of the Facility’s premises as needed. You agree to comply with any maintenance, cleaning or facility upkeep schedule we prescribe from time to time.

11.12. SUCCESS Space Programs.

- (a) Generally. We may periodically develop and implement membership programs, loyalty programs, gift card programs or other programs for SUCCESS Space Facilities. You must fully participate in all programs we designate as mandatory. In order to participate, you must: (a) comply with all policies and procedures we establish for participation in the program; (b) purchase (or license) and utilize all equipment, software, mobile applications (Apps), technology and others items we designate as being necessary for participation in the program, and pay all associated fees and costs; and (c) pay us, our affiliate, or a third party designated by us, all program fees and other amounts we designate as being necessary for participation in the program (collectively, “Program Participation Rules”). The Program Participation Rules may be set forth in the Manual. We may amend the Program

Participation Rules at any time and you must immediately comply with all such amendments. We may develop and implement new or successor programs and/or modify or terminate existing programs at any time in our discretion.

- (b) **Membership Program.** We currently require that all SUCCESS Space Facilities operate under a membership model. Each Facility must honor memberships and the associated benefits and privileges regardless of whether the member purchased their membership from a different Facility. We have the right to determine how membership fees will be divided or otherwise accounted for and we may require that all membership fees be paid to us or deposited into a trust account we control for subsequent disbursement to the Facilities visited by the member. We may implement new software to monitor sales and allocate payments to the Facility or Facilities visited by the member (either in whole or on a percentage basis). We may also adopt policies regarding cooperation between franchisees relating to members who utilize the services of, or enjoy membership privileges at, multiple Facilities. We may require that you utilize the form of membership agreement we specify. You must hire an attorney, licensed in your state, to review the membership agreement and advise you of any changes necessary to comply with any local Laws affecting the form of membership agreement you use (you must notify us, and obtain our approval of, any such changes).
- (c) **Loyalty Programs.** You must fully participate and implement all required customer loyalty, rewards and other affinity programs designed to increase customer loyalty, generate new customers and/or improve overall demand for and utilization of SUCCESS Space Facilities.
- (d) **Gift Card Programs.** You must participate in any gift card program we establish and honor gift cards, even if purchased from us or from a different Facility. You may not offer or sell any gift cards we have not approved. We may determine how gift card proceeds are divided or otherwise accounted for and we may retain proceeds from unredeemed gift cards. We may require that gift card proceeds be paid to us or deposited into a trust account we control for subsequent disbursement to the Facilities where gift cards are redeemed.

11.13. Hours of Operation. Your Facility must be open and operating during the minimum days and hours of operation specified in the Manual. You must establish specific days and hours of operation and submit them to us for approval.

11.14. Customer Complaints. If you receive a customer complaint, you must follow the complaint resolution process we specify to protect the goodwill associated with the Marks.

11.15. Quality Assurance Programs. For quality control purposes, we may (a) periodically inspect your Facility in accordance with §6.3 or §15.1; and/or (b) engage the services of a “mystery shopper” or quality assurance firm to inspect your Facility. Inspections may address a variety of issues, including customer service, food safety, sanitation, inventory rotation, etc. You must fully cooperate with all inspections. We may implement a scoring system pursuant to which each Facility receives a “grade” or “score” based on the results of the inspection. Your failure to achieve a passing grade or score constitutes a default under this Agreement. You must take all actions we specify within the period of time we prescribe in order to rectify any non-compliance issues revealed during an inspection.

11.16. Failure to Comply with Standards. You acknowledge the importance of every one of our standards and operating procedures to the reputation and integrity of the System and the goodwill associated with the Marks. If we notify you of a failure to comply with our standards or operating procedures (including, without limitation, failure to provide required reports in a timely manner) and you fail to correct the non-compliance within the period of time we require, then, in addition to any other remedies available to us under this Agreement, we may impose a fine of up to \$500 per occurrence. We may impose an additional fine for every 24 hours that the same non-compliance issue remains uncured following our imposition of the initial fine. If we takes steps to cure any default committed by you after the expiration of any applicable cure period, including, without

limitation, obtaining required insurance coverage on your behalf or paying amounts you owe to approved or designated suppliers, then within 10 days of invoicing you must reimburse us for all costs and expenses we incur, either directly or indirectly, in connection with our efforts to cure your default. Our acceptance of these amounts shall not be construed as a waiver of any of our rights or remedies under this Agreement, including, without limitation, our right to terminate this Agreement in accordance with §19.

12. FEES

- 12.1. **Initial Franchise Fee.** You agree to pay us a \$45,000 initial franchise fee in one lump sum at the time you sign this Agreement. The initial franchise fee is fully earned and nonrefundable once this Agreement has been signed.
- 12.2. **Royalty Fee.** On the 10th day of each month, you agree to pay us a royalty fee equal to the greater of: (a) 6% of your monthly Gross Sales; or \$1,000 per month.
- 12.3. **Other Fees and Payments.** You agree to pay all other fees, expense reimbursements and other amounts specified in this Agreement in a timely manner as if fully set forth in this §12. You also agree to promptly pay us an amount equal to all taxes levied or assessed against us based on goods or services you sell or goods or services we furnish to you (other than income taxes we pay based on amounts you pay us under this Agreement).
- 12.4. **Late Fee.** If any sum due under this Agreement has not been received by us when due (or there are insufficient funds in your Account to cover the sum when due), then in addition to this sum you must pay us a \$50 late fee plus default interest on the amount past due at a rate equal to the lesser of 24% per annum (pro-rated on a daily basis) or the highest rate permitted by applicable Law. If no due date is specified, interest begins to run 10 days after we bill you. We will not impose a late fee for any amount paid pursuant to §12.5 if, but only to the extent, sufficient funds were available in your Account to be applied towards the payment when due. However, we may impose a late fee for any amount we are unable to reasonably determine due to your failure to furnish us with a report required by §14.3 within the required period of time or record sales in a timely manner, in which case we may assess a late fee on the entire amount that was due. This §12.4 shall not constitute our agreement to accept late payments or extend credit to you.
- 12.5. **Method of Payment.** No later than 15 days after the Effective Date, you must enter all banking information we require through our secure portal and authorize us to electronically debit your designated Account for all amounts owed to us and our affiliates on the applicable due date (other than fees due within 15 days after the Effective Date). You must sign all documents required by us or your bank to enable us to debit your Account for amounts owed. You must deposit all Gross Sales into the Account and ensure sufficient funds are available for withdrawal before each payment due date. If there are insufficient funds in your Account, any excess amounts you owe will be payable upon demand, together with any late charge imposed pursuant to §12.4. We may also impose a \$50 NSF fee for each instance where either: (a) there are insufficient funds in your Account to cover amounts owed when due; or (b) a check you issue to us is returned due to insufficient funds.
- 12.6. **Application of Payments.** We have sole discretion to apply any payments from you to any past due indebtedness of yours.

13. BRAND PROTECTION COVENANTS.

- 13.1. **Reason for Covenants.** The Intellectual Property, training and assistance we provide would not be acquired except through implementation of this Agreement. You agree that competition by you, the Owners or Persons associated with you or the Owners (including family members) could seriously jeopardize the entire franchise system because you and the Owners received an advantage through knowledge of our day-to-day operations and Know-how related to the System. Accordingly, you and the Owners agree to comply with the covenants described in this Section to protect the

Intellectual Property and our franchise system

- 13.2. Know-how and Confidential Information.** You and the Owners agree to:
- (i) refrain from using the Know-how in any business or capacity other than the operation of your Business pursuant to this Agreement;
 - (ii) maintain the confidentiality of the Know-how and other Confidential Information at all times;
 - (iii) take all reasonable steps we require to prevent unauthorized use or disclosure of Know-how or other Confidential Information;
 - (iv) refrain from making unauthorized copies of documents containing any Know-how or other Confidential Information; and
 - (v) stop using the Know-how immediately upon the expiration, termination or Transfer of this Agreement (and any Owner who ceases to be an Owner before the expiration, termination or Transfer of this Agreement must stop using the Know-how immediately at the time he or she ceases to be an Owner).
- 13.3. Unfair Competition.** You and the Owners may not engage in any Prohibited Activities during the Term or Post-Term Restricted Period. Notwithstanding the foregoing, you and the Owners may have an interest in a Competitive Business during the Post-Term Restricted Period as long as the Competitive Business is not located within the Restricted Territory. If you or an Owner engages in a Prohibited Activity during the Post-Term Restricted Period (other than having an interest in a Competitive Business permitted by this Section), then the Post-Term Restricted Period applicable to you or the non-compliant Owner, as applicable, shall be extended by the period of time during which you or the non-compliant Owner, as applicable, engaged in the Prohibited Activity.
- 13.4. Family Members.** Because an Owner could circumvent the intent of §13 by disclosing Know-how to an immediate family member (i.e., spouse, parent, sibling, child, or grandchild) and it would be difficult for us to prove any such breach, each Owner agrees that he/she will be presumed to have violated the terms of §13 if a member of his/her immediate family engages in any Prohibited Activities during the Term or Post-Term Restricted Period or uses or discloses Know-how. However, the Owner may rebut this presumption with evidence conclusively showing he or she did not disclose Know-how to the family member
- 13.5. Employees.** You must ensure all of your employees, officers, directors, partners, members, independent contractors and other Persons associated with you or your Facility who may have access to our Know-how, and who are not required to sign a Brand Protection Agreement, sign and send us a Confidentiality Agreement before having access to our Know-how. You must: (a) use best efforts to ensure these individuals comply with the Brand Protection Agreements and Confidentiality Agreements, as applicable; (b) immediately notify us of any breach that comes to your attention; and (c) reimburse us for all expenses we incur to enforce a Brand Protection Agreement or Confidentiality Agreement, including attorneys' fees and court costs
- 13.6. Covenants Reasonable.** You and the Owners agree that: (a) the terms of this §13 are reasonable both in time and in scope of geographic area; (b) our use and enforcement of covenants similar to those described above with respect to other franchisees benefits you and the Owners in that it prevents others from unfairly competing with your Facility; and (c) you and the Owners have sufficient resources, business experience and opportunities to earn an adequate living while complying with the terms of this §13.
- 13.7. Breach of Covenants.** You and the Owners agree that: (a) any failure to comply with §13 is likely to cause substantial and irreparable damage to us and/or other franchisees for which there is no adequate remedy at Law; and (b) we are entitled to injunctive relief if you or an Owner breaches §13, together with any other relief available at equity or Law. We will notify you if we intend to

seek injunctive relief, but we need not post a bond. If a court requires that we post a bond despite our mutual agreement to the contrary, the required amount of the bond may not exceed \$1,000. If an injunction is wrongfully issued, you may seek dissolution of the injunction as your sole remedy. You hereby waive all Claims for damages resulting from a wrongfully issued injunction. None of the remedies available to us under this Agreement are exclusive of any other, but may be combined with others under this Agreement, or at Law or in equity, including injunctive relief, specific performance and recovery of monetary damages. No Claim held by you or an Owner against us or our affiliate may be used as a defense against our enforcement of this §13.

14. YOUR OTHER RESPONSIBILITIES

14.1. Insurance. For your protection and ours, you agree to maintain the following insurance policies:

- (i) “all risk” property insurance coverage on all assets, including inventory, furniture, fixtures, equipment, supplies and other property used in the operation of your Business, which must include coverage for fire, flood and earthquake (in geographically prone areas), vandalism and malicious mischief and have coverage limits of at least full replacement cost (exclusive of foundation and excavation costs);
- (ii) comprehensive general liability insurance containing minimum liability protection of \$1,000,000 combined single limit per occurrence and \$2,000,000 in the aggregate, including premises, operations, products and completed operations, broad form property damage, broad form contractual liability, personal injury, advertising liability, with no exclusion for third-party delivery service (this coverage must also include sexual misconduct liability coverage for not less than \$100,000 per occurrence and \$300,000 in the aggregate);
- (iii) cyber liability insurance containing minimum liability protection of \$1,000,000 per occurrence for all first and third-party data breaches, including identify theft, phishing attacks, social engineering, ransomware and date response/crisis management expenses;
- (iv) commercial umbrella insurance containing minimum liability protection which brings the total of all primary underlying coverages to at least \$1,000,000 total limit of liability;
- (v) business interruption insurance in an amount not less than adequate to pay for the monthly rent reserved under any real property lease or sublease, equipment lease or sublease, sign lease or sublease, royalties, and other continuing expenses for a limit of 50% of annual sales or 12 months actual loss sustained basis and an extended period of indemnity for not less than 180 days;
- (vi) business automobile liability insurance, including a combined single bodily injury and property damage coverage for all owned, non-owned, and hired vehicles, with limits of liability not less than \$1,000,000 per occurrence for both bodily injury and property damage;
- (vii) professional liability insurance containing minimum liability protection of \$1,000,000;
- (viii) liquor liability insurance containing minimum liability protection of \$1,000,000;
- (ix) employment practices liability insurance for employment-related wrongful acts of employees and harassment and discrimination from non-employees for a minimum limit of at least \$1,000,000 (this shall also include third party coverage and wage & hour defense costs of at least \$100,000 naming us as co-defendant);
- (x) statutory workers’ compensation insurance and employer’s liability insurance for a minimum limit of at least \$1,000,000, and such other disability benefits type insurance required by Law (you must acquire and maintain such insurance for all of your employees prior to any employee commencing any training with us);
- (xi) any insurance required under your lease or by Law; and

(xii) any other insurance we specify in the Manual from time to time.

You must provide us with proof of coverage prior to opening, within 10 days after any policy renewal and at any other time on demand. You agree to obtain these policies from licensed insurance carriers rated "A"-VII or better by Alfred M. Best & Company, Inc. All policies must be primary and non-contributory to any insurance we carry. Each policy (other than worker's compensation) must be endorsed to: (a) name us (and our members, officers, directors, and employees) as additional insureds; (b) contain a waiver by the insurance carrier of all subrogation rights against us; and (c) provide that we receive at least 10 days' prior written notice of the termination, expiration, cancellation or modification of the policy. If any policy fails to meet these criteria, we may disapprove the policy and you must immediately secure a new policy meeting our criteria. Upon 10 days' notice, we may increase the minimum liability coverage amount of any policy and/or require different or additional types of insurance due to inflation, identification of special risks, changes in Law or standards of liability, higher damage awards or other relevant changes in circumstances. If you fail to maintain a required policy, we may, at our option, obtain the policy on your behalf. If we do so, you must promptly sign any application or other form required to obtain the policy and reimburse us for all premiums and other costs we incur. You must ensure your general contractor and all subcontractors maintain the insurance policies and bonds (with the endorsements) set forth in the Manual during all construction and remodeling of your Facility.

- 14.2. Books and Records.** You must prepare and maintain at your Facility for at least five (5) years after their preparation, complete and accurate books, records, accounts and tax returns pertaining to your Business. You must send us copies of your books and records within seven (7) days of our request. You must provide us with independent access to your QuickBooks Online account with permission to read all reports.
- 14.3. Reports.** No later than the 10th day of each month, you must prepare and send us monthly statements of your: (a) Gross Sales for the prior month; and (b) expenditures on local advertising incurred during the prior month (together with receipts for such expenditures). You also agree to prepare all other reports we require in the form and manner we specify and send us a copy of any report required by this Section upon request. If you miscalculate Gross Sales, you must notify us of the error no later than the end of the next Gross Sales reporting period. Otherwise, you will not be entitled to any refund or credit of any fees paid to us based on previously reported Gross Sales. We may independently access your Technology Systems to retrieve and compile any Business Data we deem appropriate, including to generate Gross Sales reports.
- 14.4. Financial Statements.** No later than the 15th day of each month, you must prepare and send us a monthly balance sheet and profit and loss statement for your Business in the format we prescribe. Within 90 days after the end of each calendar year, you must prepare a balance sheet for your Business (as of the end of the calendar year) and an annual statement of profit and loss and source and application of funds. All financial statements must be: (a) verified and signed by you certifying to us that the information is true, complete, and accurate; (b) prepared on an accrual basis in compliance with Generally Accepted Accounting Principles; and (c) submitted in any format we reasonably require. We may require that your financial statements be reviewed or audited by a certified public accountant, although we will not require audited financial statements unless you submit materially inaccurate financial statements on a prior occasion. You must send us a copy of any financial statement required by this Section upon request. You authorize us to disclose Operational Data to prospective franchisees, Governmental Authorities and others for any reasonable business purpose, provided the disclosure is not prohibited by applicable Law.
- 14.5. Legal Compliance.** You must secure and maintain in force all required licenses, permits and regulatory approvals and operate your Facility in full compliance with all applicable Laws. You must notify us in writing within two (2) business days of the beginning of any action, suit, investigation or proceeding, or of the issuance of any order, writ, injunction, disciplinary action, award or decree of any Governmental Authority that may adversely affect the operation of your

Facility or your financial condition. You must immediately send us a copy of any inspection report, warning, certificate or rating from a Governmental Authority alleging a violation of any health or safety Law.

14.6. Ownership and Protection of Data. We are the exclusive owner of all Business Data, regardless of whether such Business Data is collected by you, us or another Person. We hereby grant you a license to utilize the Business Data solely for purposes of operating your Facility in compliance with this Agreement. You must protect all Customer Data with a level of control proportionate to the sensitivity of data. You must adhere to applicable privacy Laws with respect to data which, if compromised, could have a negative impact on our image or consumer confidence. You agree: (a) to comply with all applicable data protection Laws as well as our data processing and data privacy policies in the Manual (if any); and (b) upon our request, to sign any data processing and/or data privacy agreement required by us or by Law. You further agree to:

- (i) obtain, maintain and adhere to all applicable compliance standards established by PCI-DSS;
- (ii) establish appropriate administrative, technical and physical controls consistent with Law and PCI-DSS to preserve the security and confidentiality of any credit card information, in any form whatsoever, that you store, process, transmit, or come in contact with;
- (iii) promptly notify us if you suspect that there is, or has been, a security breach or potential compromise of any such credit card information;
- (iv) provide us with updates regarding the status of PCI-DSS, which update may be through a completed PCI AOC (Attestation of Compliance), PCI-DSS SAQ (Self-Assessment Questionnaire) or other method mutually agreed; and
- (v) promptly notify us of any noncompliance PCI-DSS requirements to discuss your remediation efforts and timeline.

15. INSPECTION AND AUDIT

15.1. Inspections. For quality control purposes and to ensure compliance with this Agreement, we (or our representative) may enter your Facility, evaluate your operations and inspect or examine your books, records, accounts and tax returns. We will determine the scope of the inspection, which may include, among other things:

- (i) examining and copying your books, records, accounts and tax returns;
- (ii) accessing and retrieving data (you hereby agree to provide us with access upon request);
- (iii) inspecting and testing your equipment;
- (iv) monitoring and speaking with your staff;
- (v) sampling and testing the menu items offered at your Café;
- (vi) removing samples of your inventory items for testing purposes;
- (vii) evaluating the physical condition of your Facility for cleanliness, sanitation and state of repair; and
- (viii) contacting your landlord and customers.

We may conduct the inspection at any time and without prior notice. During the inspection, we (or our representative) will use reasonable efforts to minimize any interference with the operation of your Facility. You and your employees must cooperate and not interfere with the inspection. You consent to us accessing your Technology Systems and retrieving any Business Data we deem appropriate in connection with the inspection. You must reimburse us for all costs we incur to conduct an inspection to determine if you remedied: (a) a health or safety issue identified by a

Governmental Authority; or (b) a breach of our system standards we brought to your attention. We will bear the cost of all other inspections.

- 15.2. Audit.** We may audit your books and records at any time. You must fully cooperate with us and any third party we hire to conduct the audit. If an audit reveals an understatement of Gross Sales, you must immediately pay us all additional fees you owe together with any late fee imposed pursuant to §12.4. Each audit will be performed at our cost unless the audit (a) is required due to your failure to provide information we request, preserve records or file reports as required by this Agreement or (b) reveals an understatement of Gross Sales by at least 2%, in which case you must reimburse us for the cost of the audit, including all reasonable accounting and attorneys' fees and travel and lodging expenses that we or our representatives incur. Audit cost reimbursements are due 10 days after invoicing. We shall not be deemed to have waived our right to terminate this Agreement by accepting reimbursements of our audit costs.

16. INTELLECTUAL PROPERTY

- 16.1. Ownership and Use.** You acknowledge that: (a) we are (or our affiliate is) the exclusive owner of the Intellectual Property and the associated goodwill; (b) your right to use the Intellectual Property is derived solely from this Agreement; and (c) your right to use the Intellectual Property is limited to a license to operate your Facility during the Term pursuant to, and only in compliance with, this Agreement and the Manual. You may not use the Intellectual Property in connection with the sale of any unauthorized product or service or in any other manner not expressly authorized by us. Any unauthorized use of the Intellectual Property constitutes an infringement of our rights. You must comply with all provisions in the Manual governing use of the Intellectual Property. You will not acquire any goodwill, title or interest in or to the Intellectual Property.
- 16.2. Changes to Intellectual Property.** We may change the Intellectual Property at any time in our sole discretion, including by changing the Copyrighted Materials, Know-How, Marks and/or System. You must, at your expense, implement all Intellectual Property changes we require in accordance with our instructions. We are not liable for any expenses, losses or damages you incur (including the loss of any goodwill associated with a Mark) because of any addition, modification, substitution or discontinuation of the Intellectual Property. If we are acquired by another company, you may be required to convert to their system and their trademarks at your expense.
- 16.3. Use of Marks.** You agree to use the Marks as the sole identification of your Facility; *provided, however,* that you must identify yourself as the independent owner of your Facility in the manner we prescribe. You agree to: (a) prominently display the Marks in the manner we prescribe on or in connection with any advertising, promotional materials, displays, receipts, stationery and forms we designate to give notice of trade and service mark registrations and copyrights; and (b) obtain any fictitious or assumed name registrations required by applicable Law. You may not: (a) use the Marks in any modified form or as part of a corporate or trade name or with any prefix, suffix, or other modifying words, designs or symbols (other than logos licensed to you by this Agreement); (b) use the Marks when signing a contract, lease, check or other agreement or in any other manner that may cause confusion or imply we are liable for your obligations; (c) register, or attempt to register, any Marks (or other trademarks confusingly similar to the Marks) with any Governmental Authority; or (d) challenge or contest the validity of our Marks.
- 16.4. Use of Know-how.** We will disclose the Know-how to you in the initial training program, the Manual, and in other guidance furnished to you during the Term. You will not acquire any interest in the Know-how other than the right to utilize it in strict accordance with the terms of this Agreement. You acknowledge that the Know-how is proprietary and is disclosed to you solely for use in the development and operation of your Business during the Term.
- 16.5. Improvements.** If you or any of your Owners or employees conceives of or develops an Improvement, you must send us a written notice describing the Improvement. You must obtain our approval prior to using any such Improvement. Any Improvement we approve may be used by us

and any third parties we authorize to operate a Facility, without any obligation to pay royalties or other fees to you or any other Person. You or your Owner or employee, as applicable, must assign to us or our designee, without charge, all rights to the Improvement, including the right to grant sublicenses. In return, we will authorize you to use Improvements developed by other Persons that we approve for use in connection with the operation of a Facility.

16.6. Infringements and Claims. You must immediately notify us of any: (a) apparent infringement of our Intellectual Property; (b) challenge to your use of our Intellectual Property; or (c) claim by any Person of any rights in the Intellectual Property. You may not communicate with any Person other than us and our counsel in connection with any such infringement, challenge or claim. We have sole discretion in deciding what action, if any, to take in response to the infringement, challenge or claim. We may exclusively control any litigation or other proceeding relating to the infringement, challenge or claim. You must execute all documents, render all assistance, and perform all acts that are, in our counsel's opinion, necessary or advisable to protect or maintain our interest in the litigation or proceeding and/or protect the Intellectual Property.

17. INDEMNITY. You agree to indemnify the Indemnified Parties and hold them harmless for, from and against any and all Losses and Expenses incurred by any of them as a result of or in connection with:

- (i) the marketing, use or operation of your Facility;
- (ii) the breach of any Definitive Agreement committed by you or your Owners or affiliates;
- (iii) the breach of any agreement with a third party committed by you or your Owners or affiliates;
- (iv) any Claim relating to taxes or penalties assessed by any Governmental Authority against us that are directly related to your failure to pay or perform functions required of you under this Agreement;
- (v) libel, slander or disparaging comments made by you or any of your Owners, officers, employees or independent contractors regarding the System, a SUCCESS Space Facility or an Indemnified Party;
- (vi) any labor, employment or similar type of Claim pertaining to your employees (including Claims alleging we are a joint employer of your employees) or our relationship with you or your Owners (including Claims alleging we are an employer of you and/or any of your Owners); or
- (vii) any actions, investigations, rulings or proceedings conducted by any Governmental Authority (including the United States Department of Labor, Equal Employment Opportunity Commission or National Labor Relations Board) relating to your employees.

You and your Owners must immediately notify us of any Claim or proceeding described above. The Indemnified Parties shall have the right, in their sole discretion to: (a) retain counsel of their choosing to represent them with respect to any Claim; and (b) control the response thereto and the defense thereof, including the right to enter into an agreement to settle the Claim. You may participate in such defense at your expense. You must fully cooperate and assist the Indemnified Parties with the defense of the Claim. You must reimburse the Indemnified Parties for all of their costs and expenses in defending such Claim, including court costs and reasonable attorneys' fees, within 10 days of receipt of an invoice itemizing such costs and expenses.

Provided that you are in full compliance with all Definitive Agreements, we will indemnify you and your Owners and hold them harmless for, from and against any and all Losses and Expenses incurred by any of them as a result of or in connection with any Claim asserted against you and/or your Owners alleging that your use of our Marks in strict compliance with the terms of this Agreement and the Manual violates a third-party's intellectual property rights. You must promptly notify us of any such Claim and fully cooperate with our defense of the Claim.

18. TRANSFERS

18.1. By Us. This Agreement is fully assignable by us (without prior notice to you) and shall inure to the

benefit of any assignee(s) or other legal successor(s) to our interest in this Agreement, provided that we shall, subsequent to any such assignment, remain liable for any obligations incurred by us prior to the effective date of the assignment. We may also delegate some or all of our obligations under this Agreement to one or more Persons without assigning the Agreement.

18.2. By You. The rights and duties created by this Agreement are personal to you and the Owners. We have granted the franchise in reliance upon the individual or collective character, skill, aptitude, attitude, business ability and financial capacity of you and your Owners. Because this Agreement is a personal services contract, neither you nor any Owner may engage in a Transfer (other than a Permitted Transfer) without our prior written approval. Any Transfer (other than a Permitted Transfer) without our approval shall be void and constitute a breach of this Agreement. We will not unreasonably withhold our approval of a Transfer if all of the following conditions are satisfied:

- (i) we believe the proposed transferee has sufficient business experience, aptitude and financial resources to own and operate a Facility and meets our minimum criteria for franchisees;
- (ii) you and your affiliates and Owners are in full compliance with all Definitive Agreements;
- (iii) all of the transferee's owners successfully complete, or make arrangements to attend, the initial training program (and the transferee pay us any applicable training fee);
- (iv) your landlord consents to your assignment of the lease to the transferee, or the transferee is diligently pursuing an approved substitute location within the Site Selection Area;
- (v) the transferee and its owners obtain all licenses and permits required by applicable Law to own and operate the Facility;
- (vi) the transferee and its owners sign our then-current form of franchise agreement (unless we, in our sole discretion, instruct you to assign this Agreement to the transferee), except that:
 - (a) the Term and renewal term(s) shall be the Term and renewal term(s) remaining under this Agreement; and
 - (b) the transferee need not pay a separate initial franchise fee;
- (vii) you remodel your Facility and upgrade all furniture, fixtures and equipment to comply with our then-current standards and specifications (or you obtain a commitment from the transferee to do so within such period of time that we approve);
- (viii) you or the transferee pay us a \$25,000 transfer fee to defray expenses we incur in connection with the Transfer (if the transferee is found by a broker we engage, you must also reimburse us for all commissions we pay the broker, which amount shall be in addition to the transfer fee);
- (ix) you and your Owners sign a General Release of all claims arising before or contemporaneously with the Transfer;
- (x) you agree to subordinate the transferee's financial obligations to you to the transferee's financial obligations owed to us pursuant to the franchise agreement (we may require you to enter into a written subordination agreement); and
- (xi) we choose not to exercise our right of first refusal described in §18.5.

Our consent to a Transfer shall not constitute a waiver of any claims we may have against the transferor, nor shall it be deemed a waiver of our right to demand exact compliance with any of the terms or conditions of the franchise agreement by the transferee.

18.3. Permitted Transfers. You may engage in a Permitted Transfer without our prior approval, but you must: (a) give us at least 10 days' prior written notice; and (b) upon our request, cause any Entity that was the Franchisee Entity immediately prior to the Permitted Transfer to sign a corporate guarantee in the format we require to secure performance of the new Franchisee Entity's financial obligations under all Definitive Agreements. You and the Owners (and the transferee) must sign all

documents we reasonably request to effectuate and document the Permitted Transfer.

- 18.4. Death or Disability of an Owner.** Within 180 days after the death or permanent disability of an Owner, the Owner's ownership interest must be assigned to another Owner or to a third party we approve. Any assignment to a third party will be subject to all terms and conditions of §18.2 unless the assignment qualifies as a Permitted Transfer. For purposes of this Section, an Owner is deemed to have a "permanent disability" only if the Person has a medical or mental problem preventing the Person from substantially complying with his or her obligations under this Agreement or otherwise operating the Business in the manner required by this Agreement and the Manual for a continuous period of at least three (3) months.
- 18.5. Our Right of First Refusal.** If you or an Owner desires to engage in a Transfer, you or the Owner, as applicable, must obtain (and send us) a bona-fide offer executed by the purchaser after completion of due diligence. We have 30 days after receipt of the offer to decide whether to purchase the interest for the same price and upon the same terms contained in the offer, except we may substitute cash for any non-cash form of payment proposed in the offer. If we notify you within the 30-day period that we intend to purchase the interest, you or the Owner, as applicable, must sell the interest to us. We will have an additional 30 days to prepare for closing. We will be entitled to receive from you or the Owner, as applicable, all customary representations and warranties given by you (as the seller of the assets) or the Owner (as the seller of the ownership interest) or, at our election, the representations and warranties contained in the offer. If we do not exercise our right of first refusal, you or the Owner, as applicable, may complete the Transfer to the purchaser pursuant to the terms of the offer, subject to the requirements of §18.2 (including our approval of the transferee). However, if the sale is not completed within 120 days after delivery of the offer to us, or there is a material change to the terms of sale, we will again have the right of first refusal specified in this Section. Our right of first refusal shall not apply to a Permitted Transfer.

19. TERMINATION

- 19.1. By You.** You may terminate this Agreement if we commit a material breach and fail to cure within 90 days after receipt of a default notice specifying the nature of the breach. If you terminate pursuant to §19.1, you must still comply with your post-termination obligations described in §20 (other than payment of liquidated damages) and all other obligations that survive the expiration or termination of this Agreement.
- 19.2. Termination By Us Without Cure Period.** We may, in our sole discretion, terminate this Agreement upon five (5) days' written notice, without opportunity to cure, for any of the following reasons, all of which constitute material events of default and "good cause" for termination:
- (i) if you become insolvent by reason of your inability to pay your debts as they become due;
 - (ii) if you file a voluntary petition in bankruptcy or any pleading seeking any reorganization, liquidation, dissolution or composition or other settlement with creditors under any Law, or are the subject of an involuntary bankruptcy (which may or may not be enforceable under the Bankruptcy Act of 1978);
 - (iii) if your Business, or a substantial portion of the assets associated with your Business, are seized, taken over or foreclosed by a Government Official in the exercise of his or her duties, or seized, taken over or foreclosed by a creditor, lienholder or lessor;
 - (iv) if a final judgment against you remains unsatisfied for 30 days (unless a supersedes or other appeal bond has been filed);
 - (v) if a levy of execution has been made upon the license granted by this Agreement or any property used in your Business and is not discharged within five (5) days of the levy;
 - (vi) if your Managing Owner or Designated Manager fail to satisfactorily complete the initial training program in the manner required by §5.1 or your Business Coach fails to

satisfactorily complete the SUCCESS Space Coaching Certification Program in the manner required by §8.3;

- (vii) if you fail to obtain our approval of your site within the time period required by §7.1;
- (viii) if you fail to open your Facility to the public within the time period required by §7.4;
- (ix) if you abandon or fail to operate your Facility for three (3) consecutive business days, unless the failure is due to an Force Majeure or another reason we approve;
- (x) if a Governmental Authority suspends or revokes a license or permit held by you or an Owner that is required to operate the Facility, even if you or the Owner still maintain appeal rights;
- (xi) if you or an Owner (a) is convicted of or pleads no contest to a felony, a crime involving moral turpitude or any other material crime, (b) is subject to any material administrative disciplinary action or (c) fails to comply with any material Law applicable to your Business;
- (xii) if you or an Owner commits an act that can reasonably be expected to adversely affect the reputation of the System or the goodwill associated with the Marks;
- (xiii) if you manage or operate your Facility in a manner that presents a health or safety hazard to your customers, employees or the public;
- (xiv) if you or an Owner makes any material misrepresentation to us, whether occurring before or after being granted the franchise;
- (xv) if you fail to pay any amount owed to us or our affiliate within 10 days after demand for payment;
- (xvi) if you fail to pay any amount owed to an approved or designated supplier when due and fail to cure such default before the expiration of any applicable cure period;
- (xvii) if you underreport Gross Sales by at least 2%, after having already committed a similar breach that had been cured in accordance with §19.3;
- (xviii) if you make an unauthorized Transfer;
- (xix) if you make an unauthorized use of the Intellectual Property;
- (xx) if you breach any of the brand protection covenants described in §13;
- (xxi) if you or an Owner breaches any of the representations set forth in §22.4;
- (xxii) if any Owner, or the spouse of any Owner, breaches a Franchise Owner Agreement;
- (xxiii) if the lease for your premises is terminated due to your default;
- (xxiv) if we send you three (3) or more valid default notices within any 12-month period, regardless of whether such defaults were cured; or
- (xxv) if we or any affiliate of ours terminates any Definitive Agreement (other than an area development agreement) due to a default by you or your affiliate.

19.3. Additional Conditions of Termination. In addition to our termination rights in §19.2, we may, in our sole discretion, terminate this Agreement upon 30 days' written notice if you or an Owner fail to comply with any other provision of this Agreement (including any mandatory provision in the Manual) or any other Definitive Agreement, which shall constitute "good cause" for termination, unless such default is cured, as determined by us in our sole discretion, within such 30-day notice period. If we send you a default notice pursuant to §19.3, we may cease to perform our obligations under this Agreement until you cure the breach.

19.4. Mutual Agreement to Terminate. If you and we mutually agree in writing to terminate this Agreement, you and we will be deemed to have waived any required notice period.

20. POST-TERM OBLIGATIONS.

20.1. Obligations of You and the Owners. After the termination, expiration or Transfer of this Agreement, you and the Owners agree to:

- (i) immediately cease use of the Intellectual Property;
- (ii) pay us all amounts you owe, including, if applicable, liquidated damages pursuant to §20.2;
- (iii) comply with all covenants described in §13 that apply after the expiration, termination or Transfer of this Agreement or the disposal of an ownership interest by an Owner;
- (iv) comply with our instructions to return or destroy all copies of the Manual, all Copyrighted Materials and all signs, brochures, menus, recipes, advertising and promotional materials, forms and other materials bearing the Marks or containing Confidential Information;
- (v) comply with our data retention policies pertaining to the Business Data;
- (vi) return all copies of SUCCESS Spaceware and each of its components (and delete all such software from your computer memory and storage);
- (vii) cancel all fictitious or assumed name registrations relating to your use of the Marks;
- (viii) provide us with a list of all of your current, former and prospective customers;
- (ix) upon our request, assign all customer contracts and membership agreements to us;
- (x) alter the interior and exterior of the premises to the extent necessary (or to the extent we require) to prevent any further resemblance to or connection with a SUCCESS Space Facility or our System, including, without limitation, repainting the exterior and interior with new colors, removing trade dress, fixtures and décor items associated with a SUCCESS Space Facility, removing all signage and discontinuing use of approved wall décor items and window decals;
- (xi) notify all telephone, listing and domain name registration companies of the termination or expiration of your right to use: (a) any telephone numbers and/or domain names associated with your Facility; and (b) any regular, classified or other telephone directory listings associated with the Marks (you hereby authorize the foregoing companies to transfer such telephone numbers, domain names and listings to us and you authorize us, and appoint us and any officer we designate as your attorney-in-fact to direct these companies to transfer the telephone numbers, domain names and listings to us if you fail or refuse to do so); and
- (xii) provide us with satisfactory evidence of your compliance with the above obligations within 30 days after the effective date of the termination, expiration or Transfer of this Agreement.

Subsections (iv), (vi), (x) and (xi) above shall not apply if you Transfer your Facility to an approved transferee or we exercise our right to purchase your Facility.

20.2. Liquidated Damages. You must pay us liquidated damages in the amount calculated below if either: (a) we terminate this Agreement due to your default; or (b) you terminate this Agreement without cause or in any manner other than as permitted by §19.1 or §19.4. The amount of liquidated damages shall be calculated by multiplying: (a) the combined average monthly royalty fee and brand fund fee (without regard to any fee waivers or other reductions) imposed on you pursuant to this Agreement during the period of time commencing with the opening date of your Facility and ending upon the effective date of termination of this Agreement; and (b) the lesser of: (i) 36; or (ii) the total number of full months remaining under the Term of this Agreement as of the effective date of termination; provided, however, that the minimum amount of liquidated damages

shall be \$30,000 and the maximum amount of liquidated damages shall be \$100,000. Liquidated damages must be paid in full within 15 days after receipt of an invoice from us detailing our calculation of the amount of liquidated damages owed. The liquidated damages set forth in this Section are in addition to, and not in lieu of: (a) any fees and payments incurred by you prior to the termination of this Agreement, all of which must be paid by you in accordance with the terms of this Agreement; or (b) any damages we or our affiliate incurs as a result of your breach of this Agreement; provided, however, that we may not pursue a claim against you for recovery of lost future profits if you pay us the full amount of liquidated damages. The parties acknowledge and agree that the amount of liquidated damages set forth in this Section is in proportion to, and is necessary to protect, our legitimate interests, including: (a) encouraging our franchisees to commit to the 10-year franchise relationship, in which both parties have already invested time and expense in developing; (b) the time and expense we will incur in recruiting a new franchisee to acquire franchise rights to the Territory; (c) the time and expense we will incur to ensure your timely and orderly departure from the SUCCESS Space franchise network; (d) protecting the reputation and goodwill associated with our Marks; and (e) partially compensating us for the financial damages we will incur as a result of your breach and the resulting termination of this Agreement or your unlawful termination of this Agreement.

20.3. Right to Purchase Facility and Assets.

- (a) **Generally.** Upon the termination or expiration of this Agreement, we shall have the right, but not the obligation, to purchase your Facility and/or its assets at fair market value. If we exercise this option, fair market value shall be determined as of the effective date of the termination or expiration of this Agreement (the “Appraisal Date”). We will notify you of the specific items we wish to purchase (the “Acquired Assets”). We may also require that you assign your lease to us at no additional charge.
- (b) **Selecting Qualified Appraisers.** Each party shall appoint an appraiser with experience appraising businesses in the United States comparable to a SUCCESS Space Facility (a “Qualified Appraiser”). This appointment of the appraisers shall be made within 30 days after the Appraisal Date by giving written notice to the other party of the name and address of the Qualified Appraiser. If either party fails to appoint a Qualified Appraiser within the 30-day period, the appraisal shall be made by the sole Qualified Appraiser appointed within that period. If each party appoints a Qualified Appraiser within the 30-day period, then within 30 days after that, the two (2) Qualified Appraisers shall appoint a third (3rd) Qualified Appraiser. If the two (2) Qualified Appraisers fail to agree on the appointment of a third (3rd) Qualified Appraiser within the 30-day period, then a third (3rd) Qualified Appraiser shall be appointed by the American Arbitration Association (acting through its office located closest to our corporate headquarters) as promptly as possible after that, upon application by either party. Nothing in this provision shall prohibit us and you from jointly approving a single appraiser, nor shall it obligate us or you to do so.
- (c) **Information for Appraisal.** You must furnish to the Qualified Appraisers a copy of your current financial statements, as well as your financial statements for the prior three (3) years (or the period of time that you have operated your Business, if less than three (3) years), together with the work papers and other financial data, documents or information that the Qualified Appraisers request. The Qualified Appraisers shall take into account the other information and factors they deem relevant, but the Qualified Appraisers shall be instructed that there shall be no consideration of goodwill in the determination of fair market value.
- (d) **Appraisal Process.** Within 60 days after the appointment of the third Qualified Appraiser, the three (3) Qualified Appraisers shall appraise the Appraised Assets at fair market value without taking into account any value for goodwill (the “Appraised Value”). If the three (3) Qualified Appraisers agree on a single value, then they shall issue a joint report and the Appraised Value shall be the value determined by the agreement of the three (3) Qualified Appraisers. If two (2) of the three (3) Qualified Appraisers agree on a single value, these two

(2) Qualified Appraisers shall issue a joint report, and the dissenting Qualified Appraiser may (but need not) issue a separate report, and the value determined by agreement of the two (2) Qualified Appraisers who shall agree shall be the Appraised Value. If none of the Qualified Appraisers are able to agree on a single value, each Qualified Appraiser shall issue a report setting forth the value determined by him or her, and the average of the two values that are closest to each other shall be the Appraised Value. Before the issuance of a report by any Qualified Appraiser, each Qualified Appraiser shall advise the others of the value that will appear in his or her report to ensure that the determination of value made by any Qualified Appraiser is made with knowledge of the values determined by the other Qualified Appraisers. If there shall be only a single Qualified Appraiser (because either party failed to appoint a Qualified Appraiser within the time provided), then the Appraised Value shall be the value determined by the single Qualified Appraiser. You and we shall equally bear the cost of the appraisal.

- (e) Closing. Once the Appraised Value has been determined, we will have at least 60 additional days to prepare for closing. We will be entitled to receive from you all customary representations and warranties given by you as the seller of the Acquired Assets and you must transfer good and clean title to the Acquired Assets, subject to any exceptions we agree to. We may deduct from the Appraised Value all amounts you owe us or our affiliates under this Agreement or any other agreement, including, if applicable, liquidated damages.

21. DISPUTE RESOLUTION.

- 21.1. Negotiation and Mediation.** Except as otherwise provided below with respect to Excluded Claims, the parties shall attempt in good faith to resolve any Dispute through informal discussions and negotiations. If these efforts are unsuccessful, the parties agree to submit the Dispute to mediation before a mutually-agreeable mediator prior to arbitration. All negotiations and mediation proceedings (including without limitation, discovery conducted therein, as well as all statements and settlement offers made by either party or the mediator in connection with the mediation) shall be strictly confidential, shall be considered as compromise and settlement negotiations for purposes of the Federal Rules of Evidence and state rules of evidence, and shall not be admissible or otherwise used in connection with any court or arbitration proceeding for any purpose. The mediator may not be called as a witness in any court or arbitration proceeding for any purpose. Any Dispute involving claims alleging a breach of §13 and/or §16 (referred to as “Excluded Claims”) will not be subject to mandatory negotiation or mediation.
- 21.2. Arbitration.** If the Dispute is not resolved by mediation within 60 days after either party makes a demand for mediation, the parties will submit the Dispute to mandatory and binding arbitration conducted pursuant to the Commercial Arbitration Rules of the American Arbitration Association (the “AAA Rules”). The party filing the arbitration must initially bear the cost of any arbitration fees or costs. The arbitrators will not have authority to award exemplary or punitive damages. Any Dispute involving an Excluded Claim will not be subject to mandatory arbitration.
- 21.3. Litigation.** If a Dispute involves an Excluded Claim, then either party may file a lawsuit in any state or federal court of general jurisdiction in accordance the choice of venue provision set forth below. The parties hereby express their clear and unequivocal intent that a court, rather than a mediator or arbitrator, shall have exclusive jurisdiction to decide the threshold issue of whether a Dispute involves an alleged Excluded Claim (i.e., whether there are any claims alleging a breach of §13 and/or §16).
- 21.4. Venue.** All mediation, arbitration and litigation shall take place in Dallas, Texas. The parties irrevocably waive any objection to such venue and, with respect to litigation proceedings, submit to the jurisdiction of such courts.
- 21.5. Attorney’s Fees and Costs.** If we or you must enforce this Agreement in a judicial or arbitration proceeding, the substantially prevailing party will be entitled to reimbursement of its costs and

expenses, including reasonable accounting and legal fees and arbitration costs. In addition, if you or an Owner breach any term of a Definitive Agreement, you must reimburse us for all reasonable legal fees and other expenses we incur relating to such breach, regardless of whether the breach is cured prior to commencement of formal dispute resolution proceedings.

21.6. Waivers. UNLESS PROHIBITED BY APPLICABLE LAW, ANY DISPUTE (OTHER THAN FOR PAYMENT OF MONIES OWED OR A VIOLATION OF §13 OR §16) MUST BE BROUGHT BY FILING A WRITTEN DEMAND FOR MEDIATION WITHIN ONE (1) YEAR FOLLOWING THE CONDUCT, ACT OR OTHER EVENT OR OCCURRENCE GIVING RISE TO THE CLAIM, OR THE RIGHT TO ANY REMEDY WILL BE DEEMED FOREVER WAIVED AND BARRED. WE AND YOU IRREVOCABLY WAIVE: (a) TRIAL BY JURY; AND (b) THE RIGHT TO ARBITRATION OR LITIGATE ON A CLASS ACTION BASIS, IN ANY ACTION, PROCEEDING OR COUNTERCLAIM, WHETHER AT LAW OR IN EQUITY, BROUGHT BY EITHER OF THE PARTIES.

22. REPRESENTATIONS.

22.1. Corporate Representations. You and the Owners jointly and severally represent and warrant to us that the execution and delivery of this Agreement, and the performance of your obligations hereunder, does not: (a) conflict with, breach or constitute a default under any other agreement to which you are (or any affiliate of yours is) a party or by which your (or your affiliate's) assets may be bound; (b) violate any order, writ, injunction, decree, judgment or ruling of any Governmental Authority; or (c) violate any applicable Law. If the franchisee is an Entity, you and the Owners also jointly and severally represent and warrant to us that: (a) the Franchisee Entity is duly organized, validly existing and in good standing under the Laws of the state of its formation and has the requisite power and authority to enter into this Agreement and perform each of its obligations hereunder; and (b) the execution and delivery of this Agreement have been duly authorized by all requisite corporate action and this Agreement shall constitute the legal, valid and binding obligation of the Franchisee Entity and shall be enforceable against the Franchisee Entity in accordance with its terms.

22.2. Franchise Compliance Representations. You and the Owners jointly and severally represent and warrant to us that you received: (a) an exact copy of this Agreement and its attachments, with all material terms filled in, at least seven (7) calendar days before you signed this Agreement; and (b) our Franchise Disclosure Document at the earlier of (i) 14 calendar days before you signed a binding agreement or paid any money to us or our affiliates or (ii) such earlier time in the sales process that you requested a copy.

22.3. General Representations. You and the Owners jointly and severally represent and warrant to us that you and the Owners are aware that: (a) other franchisees may operate under different forms of agreement and our obligations and rights with respect to franchisees differs materially in certain circumstances; and (b) we may negotiate terms or offer concessions to other franchisees and we have no obligation to offer you the same or similar negotiated terms or concessions.

22.4. Anti-Terrorism Compliance. You and the Owners jointly and severally represent and warrant to us that, to the best of your and their knowledge: (a) no property or interest owned by you or any Owner is subject to being "blocked" under any Anti-Terrorism Law; (b) neither you nor any Owner, nor any of their respective funding sources (including any legal or beneficial owner of any Equity Interest in you) or related parties is, or has ever been: (i) a terrorist or suspected terrorist within the meaning of the Anti-Terrorism Law; or (ii) identified by name (or alias, pseudonym or nickname) or address on any Terrorist List, including on the list of "Specially Designated Nationals" or "Blocked Persons" maintained by the U.S. Treasury Department's Office of Foreign Assets Control (texts currently available at www.home.treasury.gov); and (c) you and the Owners are in compliance with, and shall continue to comply with, the Anti-Terrorism Law and all other Laws (either currently in effect or enacted in the future) prohibiting corrupt business practices, money laundering or the aid or support of Persons who conspire to commit acts of terror against

any Person or government that are in effect within the United States of America. The foregoing representations and warranties are ‘continuing’ representations and warranties for the duration of the franchise relationship. Accordingly, you agree to notify us immediately in writing of the occurrence of any event or the development of any circumstance that might render any of the foregoing representations and warranties false, inaccurate or misleading.

23. GENERAL PROVISIONS

- 23.1. Governing Law.** Except as governed by the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. §§ 1051, et seq.), this Agreement and the franchise relationship shall be governed by the Laws of the State of Texas (without reference to its principles of conflicts of law), but any Law of the State of Texas that regulates the offer and sale of franchises or business opportunities or governs the relationship of a franchisor and its franchisee will not apply unless its jurisdictional requirements are met independently without reference to this Section.
- 23.2. Relationship of the Parties.** Nothing in this Agreement creates a fiduciary relationship between the parties or is intended to make either party a general or special agent, legal representative, subsidiary, joint venture, partner, employee or servant of the other for any purpose. Throughout the Term you must, in all dealings with third parties, conspicuously identify yourself as a franchisee and the independent owner of your Facility. We may require that you display a written notice of independent ownership, in the form we prescribe, at any location within your Facility that we specify. You must also include a written indication of independent ownership on all agreements, forms, letterhead, advertising materials, business cards and other materials that we specify. Neither party is permitted to make any express or implied agreement, warranty or representation, or incur any debt, in the name of or on behalf of the other, or represent that our relationship is other than franchisor and franchisee. In addition, neither party will be obligated by any agreements or representations made by the other that are not expressly authorized by this Agreement.
- 23.3. Severability and Substitution.** Each section and subsection of this Agreement, and any portion thereof, shall be considered severable. If applicable Law imposes mandatory non-waivable terms or conditions that conflict with a provision of this Agreement, the terms or conditions required by such Law shall govern to the extent of the inconsistency. If a court or arbitrator concludes that any promise or covenant in this Agreement is unreasonable or unenforceable: (a) the court or arbitrator may modify such promise or covenant to the minimum extent necessary to make it enforceable; or (b) we may unilaterally modify such promise or covenant to the minimum extent necessary to make it enforceable.
- 23.4. Waivers.** Each party may waive any obligation imposed on the other party in writing. Neither party shall be deemed to have waived or impaired any of its contractual rights under this Agreement (including the right to require strict compliance with all terms of this Agreement or terminate this Agreement due to the other party’s failure to comply with such terms) by virtue of: (a) any custom or practice of the parties at variance with the terms of this Agreement; (b) any failure, refusal or neglect by either party to exercise any right under this Agreement or require the other party to strictly comply with its obligations under this Agreement; (c) our waiver, failure or refusal to exercise any of our rights with respect to other franchisees; or (d) our acceptance of payments from you after your breach.
- 23.5. Approvals.** Whenever this Agreement requires our approval, you must make a timely written request for approval, and the approval must be in writing in order to bind us. Except as otherwise expressly provided in this Agreement, if we fail to approve any request for approval within the required period of time, we shall be deemed to have disapproved your request. If we deny approval and you seek legal redress for the denial, the only relief to which you may be entitled is to acquire our approval. You are not entitled to any other relief or damages for our denial of approval.
- 23.6. Force Majeure.** Neither party shall be liable for loss or damage or deemed to be in breach of this Agreement if such party’s failure to perform its obligations results from an event of Force Majeure;

provided, however, that an event of Force Majeure shall not excuse or permit any failure to perform for more than 180 days. If the period of non-performance exceeds 180 days from receipt of notice of the Force Majeure event, the party whose ability to perform has not been affected may immediately terminate this Agreement by giving written notice of termination to the other party.

- 23.7. Binding Effect.** This Agreement is binding on the parties hereto and their respective executors, administrators, heirs, assigns and successors in interest. Nothing in this Agreement is intended, nor shall be deemed, to confer any rights or remedies upon any Person not a party to this Agreement; *provided, however,* that the additional insureds listed in §14.1 and the Indemnified Parties are intended third-party beneficiaries under this Agreement with respect to §14.1 and §17, respectively.
- 23.8. Integration.** THIS AGREEMENT CONSTITUTES THE ENTIRE AGREEMENT BETWEEN THE PARTIES AND MAY NOT, EXCEPT AS PERMITTED BY §11.2 AND §23.3, BE CHANGED EXCEPT BY A WRITTEN DOCUMENT SIGNED BY BOTH PARTIES. In addition, our issuance of the Site Approval Notice attached hereto as ATTACHMENT "B" shall be deemed to amend this Agreement to identify the approved site and Territory for your Facility, regardless of whether you countersign and/or return the Site Approval Notice. Any email or other informal electronic communication shall not be deemed to modify this Agreement unless it is signed by both parties and specifically states it is intended to modify this Agreement. The attachment(s) are part of this Agreement, which, together with any Amendments or Addenda executed on or after the Effective Date, constitutes the entire understanding and agreement of the parties, and there are no other oral or written understandings or agreements between us and you about the subject matter of this Agreement. As referenced above, all mandatory provisions of the Manual are part of this Agreement. Any representations not specifically contained in this Agreement made before entering into this Agreement do not survive after the signing of this Agreement. Nothing in this Agreement is intended to disclaim any of the representations we made in the Franchise Disclosure Document. No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (a) waiving any claims under any applicable state franchise law, including fraud in the inducement or (b) 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.
- 23.9. Covenant of Good Faith.** If applicable Law implies into this Agreement a covenant of good faith and fair dealing, the covenant shall not imply any rights or obligations that are inconsistent with the express terms of this Agreement. This Agreement (and the relationship of the parties inherent in this Agreement) grants us discretion to make decisions, take actions and/or refrain from taking actions not inconsistent with our explicit rights and obligations under this Agreement that may favorably or adversely affect your interests. We will use our judgment in exercising the discretion based on our assessment of our own interests and balancing those interests against the interests of our franchisees (including ourselves and our affiliates if applicable), but without considering the individual interests of you or any other particular franchisee.
- 23.10. Rights of Parties are Cumulative.** The rights of the parties under this Agreement are cumulative and no exercise or enforcement by either party of any right or remedy under this Agreement will preclude any other right or remedy available under this Agreement or by Law.
- 23.11. Survival.** All provisions that expressly or by their nature survive the termination, expiration or Transfer of this Agreement (or the Transfer of an ownership interest in the Business or Franchisee Entity) shall continue in full force and effect subsequent to and notwithstanding its termination, expiration or Transfer and until they are satisfied in full or by their nature expire, including, without limitation, §12, §13, §15, §17, §20, §21 and § 23.
- 23.12. Construction.** The headings in this Agreement are for convenience only and do not define, limit or construe the contents of the sections or subsections. All references to Sections refer to the Sections contained in this Agreement unless otherwise specified. All references to days in this Agreement

refer to calendar days unless otherwise specified. The term “you” as used in this Agreement is applicable to one or more Persons or an Entity, and the singular usage includes the plural and the masculine and neuter usages include the other and the feminine and the possessive.

23.13. Time of Essence. Time is of the essence in this Agreement and every term thereof.

23.14. Counterparts. This Agreement may be signed in multiple counterparts, each of which shall be deemed an original and all of which together shall constitute but one and the same document.

23.15. Notice. All notices given under this Agreement must be in writing, delivered by hand, email (to the last email address provided by the recipient) or first class mail, to the following addresses (which may be changed upon 10 business days prior written notice):

| | |
|------|--|
| YOU: | As set forth in Part A of <u>ATTACHMENT "A"</u> |
| US: | Success Franchising, LLC 750 N. St. Paul St., Suite 250 Dallas, Texas 75201 Attention: Legal Operations Email: ted.laatz@success.com & legal@success.com |

Notice shall be considered given: (a) at the time delivered by hand (with written confirmation of receipt); (b) one (1) business day after sending by email or comparable electronic system; or (c) three (3) business days after placed in the mail, postage prepaid, by certified mail with a return receipt requested. We may also provide notice of any change to the Manual through bulletins, postings or other notices provided on the Intranet or through any other method that we commonly utilize to communicate with our franchisee community as a whole. Notwithstanding the above, all notices to us must in all events be e-mailed to legal@success.com (and to any other email address that we specify from time to time) or such notice will not be deemed as having been delivered to us.

The parties to this Agreement have executed this Agreement effective as of the Effective Date first above written.

FRANCHISOR:

Success Franchising, LLC, a Delaware limited liability company

By: _____
Name: _____
Its: _____

YOU (If you are an Entity):

_____,
a(n) _____
By: _____
Name: _____
Its: _____

YOU (If you are not an Entity):

Name: _____

Name: _____

Name: _____

ATTACHMENT "A"
TO FRANCHISE AGREEMENT

DEAL TERMS

A. Franchisee Details.

Name of Franchisee: [_____]

Is the franchisee one or more natural persons signing in their individual capacity? **Yes:** ____ **No:** ____

Type of Entity and State of Formation* (if applicable): [_____]

** If the franchisee is a business entity, each natural person holding a direct or indirect ownership interest in the business entity, and spouse of each such person, must sign the Franchise Owner Agreement concurrently with the execution of this Agreement.*

Notice Address: _____

Attention: _____

Email: _____

The following table includes the full name of each natural person holding a direct or indirect ownership interest in the franchise (or the franchisee business entity if applicable) along with a description of their ownership interest.

| Owner's Name | % Ownership Interest | Direct or Indirect (if indirect, describe nature of interest) |
|---------------------|-----------------------------|--|
| | | |
| | | |
| | | |
| | | |
| | | |

B. Site Selection Area.

Unless you propose another area that we approve, the Site Selection Area referenced in the Franchise Agreement shall consist of the county in which the Managing Owner resides as of the Effective Date of this Agreement.

** The Site Selection Area is not your territory and there are no protections associated with this area.*

C. Approved Site.

We hereby approve the site listed below for the operation of your Facility.

Approved Address: [_____]

** If the site for your Facility has not been approved by us at the time the Franchise Agreement is signed, then we will send you a Site Approval Notice in accordance with §7.1 listing the address of your approved site.*

D. Territory.

The Territory referenced in the Franchise Agreement shall consist of the following geographic area (as further depicted on the map attached on the following page):

[_____]

If there are any changes to the zip codes or other boundaries that define your Territory during the term of the Franchise Agreement or any renewal term, then, unless otherwise agreed to by you and us in writing, the boundaries of your Territory shall remain defined by the zip codes or other boundaries in effect as of the Effective Date and depicted on the map on the following page.

** If the site for your Facility has not been approved by us at the time this Agreement is signed, then we will send you a Site Approval Notice in accordance with §3 that will identify the geographic area that comprises your Territory (which will include a minimum population of 50,000 as of the date that the Territory is determined).*

[Insert Map Below (if applicable)]

ATTACHMENT "B"
TO FRANCHISE AGREEMENT
FORM OF SITE APPROVAL NOTICE

[See Attached]

SITE APPROVAL NOTICE

Success Franchising, LLC (“we” or “us”) is issuing this Site Approval Notice (this “Notice”) to _____ (“you”), effective _____, 202____, in connection with the SUCCESS Space Franchise Agreement (the “Franchise Agreement”) that we executed with you on _____, 202____. The purpose of this Notice is to confirm our approval of the site you have proposed for the premises of your Facility and our designation of the boundaries of your “Territory”.

Approved Address:

Pursuant to §7.1 of the Franchise Agreement, we hereby approve the site listed below for the operation of your Facility:

Territory:

Pursuant to §3 of the Franchise Agreement, we hereby designate the following geographic area as your “Territory” under the Franchise Agreement (as may be further depicted on the map attached on the following page):

[_____]

If there are any changes to the zip codes or other boundaries that define your Territory during the term of the Franchise Agreement or any renewal term, then, unless otherwise agreed to by you and us in writing, the boundaries of your Territory shall remain defined by the zip codes or other boundaries in effect as of the Effective Date and depicted on the map on the following page.

* * *

By signing below, you and we agree that: (a) the address identified in this Notice shall be deemed the approved site for your Facility established and operated pursuant to the Franchise Agreement; and (b) the geographic area described in this Notice under “Territory” shall be deemed your Territory under the Franchise Agreement. You acknowledge and agree that our acceptance of the site you have proposed is in no way a representation by us that your site will be successful. Rather, our acceptance of the site you propose merely indicates the site meets our minimum standards and requirements.

We request that you sign below and send us an executed copy of this Notice to acknowledge your receipt. However, your failure or refusal to sign below will not invalidate or otherwise affect our designation of your approved site or Territory. Our designation of your approved site and Territory, as set forth in this Notice, shall be binding on you effective as of the effective date listed in the first paragraph in this Notice.

Franchisor

Franchisee

Success Franchising, LLC

[_____]

By: _____

By: _____

Name: _____

Name: _____

Its: _____

Its: _____

Date: _____

Date: _____

ATTACHMENT "C"
TO FRANCHISE AGREEMENT
LEASE ADDENDUM

[See Attached]

Lease Addendum

This Agreement dated this ___ day of _____, 202__ among Success Franchising, LLC, a Delaware limited liability company, with principal offices at 750 N. St. Paul St., Suite 250, Dallas, Texas 75201 (“Franchisor”), _____, a(n) _____, with principal offices located at _____ (“Landlord”), and _____, a(n) _____, with principal offices located at _____ (“Tenant/Franchisee”).

Background

- A. On _____, 202__, Tenant/Franchisee and Franchisor entered a SUCCESS Space, Franchise Agreement (the “Franchise Agreement”). Under the Franchise Agreement, Franchisor granted Tenant/Franchisee the right, and Tenant/Franchisee undertook the duty, to operate a SUCCESS Space facility (the “Franchised Business”) at the Premises (defined below).
- B. Simultaneously with entering this Agreement, Landlord and Tenant/Franchisee are entering a lease agreement (the “Lease”). Under the Lease, Tenant/Franchisee leases the premises described as follows: _____ (the “Premises”).
- C. To protect Franchisor’s rights and interests under the Franchise Agreement, Landlord grants certain rights to Franchisor under the Lease as set forth below.

Agreement

1. Notices. At the same time such notices are sent to Tenant/Franchisee, Landlord must provide Franchisor with copies of all written notices of default that it sends to Tenant/Franchisee. Landlord agrees to send such copies: (a) by e-mail to legal@success.com (and to any other email address that Franchisor provides to Landlord from time to time); and (b) by first-class mail, postage prepaid, to Franchisor at its address set forth above or such other address as Franchisor may notify Landlord in writing.
2. Right to Cure. If Tenant/Franchisee defaults under the Lease, Franchisor has the right (but not the duty) to cure such default within 15 days following the expiration of any applicable cure period. Furthermore, in such event, Franchisor may immediately commence occupancy of the Premises as the tenant under the Lease without obtaining Landlord’s or Franchisee’s consent. Franchisor may thereafter assign the Lease to another SUCCESS Space franchisee or to an entity owned and/or controlled by Franchisor. If it does, Franchisor must first obtain Landlord’s written approval of the assignee. Landlord, however, must neither unreasonably withhold nor delay its approval thereof. Landlord will acknowledge any such assignment in writing. No assignment permitted under this Section is subject to any assignment or similar fee or will cause any rental acceleration.
3. Right to Assign. At any time (including, without limitation, upon the expiration or sooner termination of the Franchise Agreement) without Landlord’s prior consent, Tenant/Franchisee may assign the Lease to Franchisor. In such event, Franchisor may thereafter assign the Lease to another SUCCESS Space franchisee or to an entity owned and/or controlled by Franchisor. If it does, Franchisor must first obtain Landlord’s written approval of the assignee. Landlord, however, must neither unreasonably withhold nor delay its approval thereof. Landlord will acknowledge any such assignment in writing. No assignment permitted under this Section is subject to any assignment or similar fee or will cause any rental acceleration.
4. Right of First Refusal. Landlord agrees that upon the expiration or termination of the Lease, Franchisor shall have the first right of refusal to lease the Premises as the new tenant.
5. Expiration or Termination of Franchise Agreement. Landlord agrees that the expiration or termination of the Franchise Agreement shall constitute a default under the Lease, giving Franchisor the right, but not the obligation, to cure such default by succeeding to Tenant/Franchisee’s interests under the Lease in

accordance with §2 above.

6. Acknowledgement of Rights. Landlord acknowledges Franchisor's rights under the Franchise Agreement to enter the Premises to: (a) make any modifications or alterations necessary in Franchisor's sole discretion to protect its franchise system and its trademarks without being guilty of trespass or any other tort or crime; and (b) remove any trade fixtures, interior or exterior signs and other items bearing Franchisor's trademarks or service marks upon the expiration or termination of the Franchise Agreement.
7. Modification of Lease. Without Franchisor's prior written consent, Landlord and Tenant/Franchisee may not amend, modify, supplement, terminate, renew or extend the Lease.
8. Miscellaneous.
 - (a) In the event of any inconsistency between the terms of this Agreement and the terms of the Lease, the terms of this Agreement control.
 - (b) All of the terms of this Agreement, whether so expressed or not, are binding upon, inure to the benefit of, and are enforceable by the parties and their respective personal and legal representatives, heirs, successors and permitted assigns.
 - (c) The provisions of this Agreement may be amended, supplemented, waived or changed only by a written document signed by all the parties to this Agreement and making specific reference to this Agreement.
 - (d) This Agreement may be executed in one or more counterparts, each of which is an original, but all of which together constitute one and the same instrument.

In witness whereof, this Agreement has been executed the date and year first above written.

FRANCHISOR:

Success Franchising, LLC, a Delaware limited liability company

By: _____
Name: _____
Its: _____

LANDLORD:

_____, (a)n _____

By: _____
Name: _____
Its: _____

TENANT/FRANCHISEE:

_____, (a)n _____

By: _____
Name: _____
Its: _____

ATTACHMENT "D"
TO FRANCHISE AGREEMENT
FRANCHISE OWNER AGREEMENT

[See Attached]

FRANCHISE OWNER AGREEMENT

This Franchise Owner Agreement (this “Agreement”) is entered into by: (a) each of the undersigned owners of Franchisee (defined below); and (b) the spouse of each such owner, in favor of Success Franchising, LLC, a Delaware limited liability company, and its successors and assigns (“us”), upon the terms and conditions set forth in this Agreement. Each signatory to this Agreement is referred to as “you”.

1. **Definitions.** For purposes of this Agreement, the following terms have the meanings given to them below:

“Business Data” means all data pertaining to Franchisee’s members, customers and business operations, whether collected by you, Franchisee, us or any other person.

“Competitive Business” means any business competitive with a SUCCESS Space Facility that derives, or is reasonably expected to derive, more than 25% of its revenues from the sale or rental of co-working-space or flex-space services or the sale or rental of other similar services.

“Confidential Information” means and includes: (a) the Know-How; (b) the Business Data; (c) the terms of the Franchise Agreement and all related agreements signed by Franchisee in connection with the Facility, and all attachments thereto and amendments thereof; (d) the components of the System; (e) all information within or comprising the Manual; and (f) all other concepts, ideas, trade secrets, financial information, marketing strategies, expansion strategies, studies, supplier information, customer information, franchisee information, investor information, flow charts, inventions, mask works, improvements, discoveries, standards, specifications, formulae, recipes, designs, sketches, drawings, policies, processes, procedures, methodologies and techniques, together with analyses, compilations, studies or other documents that: (i) are designated as confidential; (ii) are known by you to be considered confidential by us; and/or (iii) are by their nature inherently or reasonably to be considered confidential. Confidential Information does not include any information that: (a) is now, or subsequently becomes, generally available to the public (except as a result of a breach of confidentiality obligations by you, Franchisee or Franchisee’s owners, employees or other constituents); (b) you can demonstrate was rightfully in your possession, without obligation of nondisclosure, before we, any person associated us, Franchisee, or any person associated with Franchisee, disclosed the information to you; (c) is independently developed by you without any use of, or reference to, any Confidential Information; or (d) is rightfully obtained from a third party who has the right to transfer or disclose such information to you without breaching any obligation of confidentiality imposed on such third party

“Copyrighted Materials” means all copyrightable materials for which we or our affiliate have secured common law or registered copyright protection and that we allow franchisees to use, sell or display in connection with the marketing and/or operation of a SUCCESS Space Facility, whether now in existence or created in the future.

“Facility” or “SUCCESS Space Facility” means a membership-based shared workspace facility that operates under the Marks and offers flexible rental options combined with access to onsite professional business coaching, virtual communication technology, a limited-service café and various other amenities. The term may refer to a Facility operated by us, our affiliate, Franchisee or another franchisee, as the context may require.

“Franchise Agreement” means the SUCCESS Space Franchise Agreement executed by Franchisee with an effective date of _____, 202__.

“Franchisee” means _____.

“Improvement” means any idea, addition, modification or improvement to (a) the goods or services offered or sold at a Facility, (b) the method of operation of a Facility, (c) the processes, systems or procedures utilized by a Facility, (d) the marketing, advertising or promotional materials, programs or strategies utilized by a Facility or (e) the trademarks, service marks, logos or other intellectual property utilized by a Facility, whether developed by you, Franchisee, us or any other person.

“Intellectual Property” means, collectively or individually, the Business Data, Copyrighted Materials, Improvements, Know-how, Marks and System.

“Know-how” means all of our trade secrets and other proprietary information relating to the design, construction, development, marketing or operation of a SUCCESS Space Facility, including, but not limited to: architectural plans, drawings and specifications for a prototype Facility; site selection criteria; recipes for menu items; methods and techniques; standards and specifications; policies and procedures; supplier lists and information; marketing strategies; merchandising strategies; financial information; and information comprising the System or included in Manual.

“Manual” means our confidential brand standards manual for the operation of a SUCCESS Space Facility.

“Marks” means and includes all service marks, trademarks, trade names and logos that we designate from time to time and authorize SUCCESS Space Facilities to use, including “SUCCESS,” “SUCCESS Space,” “SUCCESS Coaching” and the associated logos. The Marks also include any distinctive trade dress used to identify a SUCCESS Space Facility.

“Prohibited Activities” means any one or more of the following: (a) owning, operating or having any other interest (as an owner, partner, director, officer, employee, manager, consultant, shareholder, creditor, representative, agent or in any similar capacity) in a Competitive Business (other than owning an interest of five percent (5%) or less in a publicly traded company that is a Competitive Business); (b) disparaging or otherwise making negative comments about us, any of our affiliates, the System and/or any SUCCESS Space Facility; (c) diverting or attempting to divert any business from us (or one of our affiliates or franchisees); and/or (d) inducing any SUCCESS Space member to transfer their business to a competitor.

“Restricted Period” means the two (2) year period after the earliest to occur of the following: (a) the termination or expiration of the Franchise Agreement; (b) the date on which Franchisee assigns the Franchise Agreement to another person with respect to whom neither you nor your spouse holds any direct or indirect ownership interest; or (c) the date on which you cease to be an owner of Franchisee or your spouse ceases to be an owner of Franchisee, as applicable; provided however, that if a court of competent jurisdiction determines that this period of time is too long to be enforceable, then Restricted Period means the one (1) year period after the earliest to occur of the following: (a) the termination or expiration of the Franchise Agreement; (b) the date on which Franchisee assigns the Franchise Agreement to another person with respect to whom neither you nor your spouse holds any direct or indirect ownership interest; or (c) the date on which you cease to be an owner of Franchisee or your spouse ceases to be an owner of Franchisee, as applicable.

“Restricted Territory” means the geographic area within: (a) a five (5) mile radius from Franchisee’s Facility (and including the Facility’s premises); (b) a five (5) mile radius from all other SUCCESS Space Facilities that are operating or under construction as of the date of this Agreement and remain in operation or under construction during all or any part of the Restricted Period; and (c) the development territory awarded to Franchisee or any of Franchisee’s affiliates pursuant to a SUCCESS Space area development agreement (if applicable); provided, however, that if a court of competent jurisdiction determines that the foregoing Restricted Territory is too broad to be enforceable, then Restricted Territory means the geographic area within a five (5) mile radius from Franchisee’s Facility (and including the Facility’s premises itself).

“SUCCESS Space Facility” or “Facility” means a membership-based shared workspace facility that operates under the Marks and offers flexible rental options combined with access to onsite professional business coaching, virtual communication technology, a limited-service café and various other amenities. The term may refer to a Facility operated by us, our affiliate, Franchisee or another franchisee, as the context may require.

“System” means the proprietary business format and system we developed for the operation of a SUCCESS Space Facility, the distinctive characteristics of which include, among other things: SUCCESS Space designs, furniture, fixtures and equipment; site selection and layout criteria; distinctive interior and exterior design, décor, signage, color scheme and other trade dress elements; proprietary and nonproprietary products; quality, distinctiveness and uniformity of products and services; standards, specifications, policies and procedures for Facility construction, management and operations; membership

model; proprietary SUCCESS Spaceware business management platform; training programs; and advertising and promotional programs.

2. **Background.** In your capacity as an owner of Franchisee, or the spouse of an owner of Franchisee, you may gain knowledge of our System and Know-how. You understand that protecting the Intellectual Property is vital to our success and that of our franchisees and that you could seriously jeopardize our entire franchise system if you were to unfairly compete with us or misuse our Intellectual Property. In addition, you understand that certain terms of the Franchise Agreement apply to “owners” and not just Franchisee. You agree to comply with the terms of this Agreement in order to: (a) avoid damaging our System by engaging in unfair competition; and (b) bind yourself to the terms of the Franchise Agreement applicable to owners.

3. **Brand Protection Covenants.**

(a) Intellectual Property. You agree to:

- (i) refrain from using the Intellectual Property in any capacity or for any purpose other than the operation of Franchisee’s Facility in compliance with the Franchise Agreement and Manual;
- (ii) maintain the confidentiality of the Know-how and other Confidential Information at all times;
- (iii) take all reasonable steps we require to prevent unauthorized use or disclosure of Know-how or other Confidential Information;
- (iv) refrain from making unauthorized copies of documents containing any Know-how or other Confidential Information; and
- (v) immediately stop using the Intellectual Property at such time that you are no longer an owner of Franchisee or your spouse is no longer an owner of Franchisee, as applicable.

You agree to assign to us or our designee, without charge, all rights to any Improvement developed by you, including the right to grant sublicenses. If applicable law precludes you from assigning ownership of any Improvement to us, then such Improvement shall be perpetually licensed by you to us free of charge, with full rights to use, commercialize and sublicense the same.

(b) Unfair Competition. You may not engage in any Prohibited Activities at any time: (i) that you are an owner of Franchisee or while your spouse is an owner of Franchisee, as applicable; or (ii) during the Restricted Period. Notwithstanding the foregoing, you may have an interest in a Competitive Business during the Restricted Period as long as the Competitive Business is not located within the Restricted Territory. If you engage in any Prohibited Activities during the Restricted Period (other than having an interest in a Competitive Business permitted by this Section), your Restricted Period will be extended by the period of time during which you were engaging in the Prohibited Activity (any such extension of time will not be construed as a waiver of your breach or otherwise impair any of our rights or remedies relating to your breach).

(c) Family Members. Because you could circumvent the purpose of this Agreement by disclosing Know-how to an immediate family member (i.e., parent, sibling, child, or grandchild) and it would be difficult for us to prove any such breach, you will be presumed to have breached this Agreement if a member of your immediate family engages in any Prohibited Activities at any time that you are prohibited from engaging in the Prohibited Activities. However, you may rebut this presumption with evidence conclusively showing you did not disclose Know-how to the family member.

(d) Covenants Reasonable. You agree that: (i) the terms of this Agreement are reasonable both in time and in scope of geographic area; and (ii) you have sufficient resources, business experience and opportunities to earn an adequate living while complying with the terms of this Agreement. Although you and we both believe the covenants in this Agreement are reasonable, we may at any time unilaterally modify the terms of the brand protection covenants in §3 of this Agreement, upon written notice to you, by limiting the scope of the Prohibited Activities, narrowing the definition of

a Competitive Business, shortening the duration of the Restricted Period, reducing the geographic scope of the Restricted Territory and/or reducing the scope of any other covenant imposed upon you under §3 of this Agreement to ensure that the terms and covenants are enforceable under applicable law

- (e) **Breach.** You agree that: (i) any failure to comply with §3 is likely to cause substantial and irreparable damage to us and/or other franchisees for which there is no adequate remedy at law; and (ii) we are entitled to injunctive relief if you breach §3 together with any other relief available at equity or law. We will notify you if we intend to seek injunctive relief, but we need not post a bond. If a court requires that we post a bond despite our mutual agreement to the contrary, the required amount of the bond may not exceed \$1,000. If an injunction is wrongfully issued, you may seek dissolution of the injunction as your sole remedy. You hereby waive all claims for damages resulting from a wrongfully issued injunction. None of the remedies available to us under this Agreement are exclusive of any other, but may be combined with others under this Agreement, or at law or in equity, including injunctive relief, specific performance and recovery of monetary damages. No claim held by you against us, our affiliate or Franchisee may be used as a defense against our enforcement of this §3.

4. Transfer Restrictions. If you are an owner of Franchisee, you acknowledge that we must approve all persons who hold a direct or indirect ownership interest in Franchisee. Accordingly, you agree that you will not, directly or indirectly or by operation of law, sell, assign, mortgage, pledge or in any manner transfer any direct or indirect ownership interest in Franchisee except in accordance with the terms and conditions set forth in §18.2 of the Franchise Agreement.

5. Financial Security. In order to secure Franchisee's financial obligations under the Franchise Agreement and all ancillary agreements executed by Franchisee in connection with the Franchise Agreement, including, but not limited to, any agreement for the purchase of goods or services from us or an affiliate of ours and any promissory note related to payments owed to us (collectively, the "Secured Agreements"), you, jointly and severally, personally and unconditionally: (a) guarantee to us and our successor and assigns, that Franchisee shall punctually fulfil all of its payment and other financial obligations under the Secured Agreements; and (b) agree to be personally bound by, and personally liable for, each and every monetary provision in the Secured Agreements. You waive:

- (i) acceptance and notice of acceptance by us of the foregoing undertakings;
- (ii) notice of demand for payment of any indebtedness guaranteed;
- (iii) protest and notice of default to any party with respect to the indebtedness guaranteed;
- (iv) any right you may have to require that an action be brought against Franchisee or any other person as a condition of liability; and
- (v) the defense of the statute of limitations in any action hereunder or for the collection of any indebtedness hereby guaranteed.

You agree that: (a) your direct and immediate liability under this guaranty shall be joint and several with Franchisee and all other signatories to this Agreement; (b) you will render any payment required under the Secured Agreements upon demand if Franchisee fails to promptly do so; (c) your liability shall not be contingent or conditioned upon pursuit by us of any remedies against Franchisee or any other person; and (d) liability shall not be diminished, relieved or otherwise affected by any extension of time, credit or other indulgence that we may grant to Franchisee or to any other person, including the acceptance of any partial payment or performance, or the compromise or release of any claims, none of which shall in any way modify or amend this guarantee, which shall be continuing and irrevocable during the term of each of the Secured Agreements and following the termination, expiration or transfer of each of the Secured Agreements to the extent any financial obligations under any such Secured Agreements survive such termination, expiration or transfer. This guaranty will continue unchanged by the occurrence of any bankruptcy of Franchisee or any assignee or successor of Franchisee or by any abandonment of one or

more of the Secured Agreements by a trustee of Franchisee. Neither your obligation to make payment in accordance with the terms of this undertaking nor any remedy for enforcement shall be impaired, modified, changed, released or limited in any manner whatsoever by any impairment, modification, change, release or limitation of the liability of Franchisee or its estate in bankruptcy or of any remedy for enforcement, resulting from the operation of any present or future provision of the U.S. Bankruptcy Act or other statute, or from the decision of any court or agency.

6. Dispute Resolution. Any dispute between the parties relating to this Agreement shall be brought in accordance with the dispute resolution procedures in the Franchise Agreement. Notwithstanding the foregoing, if any dispute resolution procedures in the Franchise Agreement conflict with any terms of this Agreement, the terms of this Agreement shall prevail. **You acknowledge that a breach of this Agreement by you shall constitute a material event of default under the Franchise Agreement, permitting us to terminate the Franchise Agreement in accordance with the terms thereof.**

7. Miscellaneous.

- (a) If either party hires an attorney or files suit against the other party for breach of this Agreement, the losing party must reimburse the prevailing party for its reasonable attorneys' fees and costs.
- (b) This Agreement will be governed by, construed and enforced under the laws of Texas and the courts in that state shall have jurisdiction over any legal proceedings arising out of this Agreement.
- (c) Any claim, defense or cause of action you may have against us or against Franchisee, regardless of cause or origin, cannot be used as a defense against our enforcement of this Agreement.
- (d) Each section of this Agreement, including each subsection and portion thereof, is severable. If any section, subsection or portion of this Agreement is unenforceable, it shall not affect the enforceability of any other section, subsection or portion. The parties agree that the court may impose such limitations on the terms of this Agreement as it deems in its discretion necessary to make such terms reasonable in scope, duration and geographic area.
- (e) You agree that we may deliver to you any notice or other communication contemplated by this Agreement in the same manner and to the same address listed in the notice provisions of the Franchise Agreement and any such delivery shall be deemed effective for purposes of this Agreement. You may change the address to which notices must be sent by sending us a written notice requesting such change, which notice shall be delivered in the manner and to the address listed in the Franchise Agreement.

In witness whereof, each of the undersigned has executed this Agreement as of the date or dates set forth below.

OWNER / SPOUSE

By: _____

Name: _____

Date: _____

OWNER / SPOUSE

By: _____

Name: _____

Date: _____

OWNER / SPOUSE

By: _____

Name: _____

Date: _____

OWNER / SPOUSE

By: _____

Name: _____

Date: _____

ATTACHMENT "E"
TO FRANCHISE AGREEMENT
BRAND PROTECTION AGREEMENT

[See Attached]

BRAND PROTECTION AGREEMENT

This Agreement (this “Agreement”) is entered into by the undersigned (“you”) in favor of Success Franchising, LLC, a Delaware limited liability company, and its successors and assigns (“us”), upon the terms and conditions set forth in this Agreement.

- 1. Definitions.** For purposes of this Agreement, the following terms have the meanings given to them below:

“Business Data” means all data pertaining to Franchisee’s members, customers and business operations, whether collected by you, Franchisee, us or any other person.

“Competitive Business” means any business competitive with a SUCCESS Space Facility that derives, or is reasonably expected to derive, more than 25% of its revenues from the sale or rental of co-working-space or flex-space services or the sale or rental of other similar services.

“Confidential Information” means and includes: (a) the Know-How; (b) the Business Data; (c) the terms of the Franchise Agreement and all related agreements signed by Franchisee in connection with the Facility, and all attachments thereto and amendments thereof; (d) the components of the System; (e) all information within or comprising the Manual; and (f) all other concepts, ideas, trade secrets, financial information, marketing strategies, expansion strategies, studies, supplier information, customer information, franchisee information, investor information, flow charts, inventions, mask works, improvements, discoveries, standards, specifications, formulae, recipes, designs, sketches, drawings, policies, processes, procedures, methodologies and techniques, together with analyses, compilations, studies or other documents that: (i) are designated as confidential; (ii) are known by you to be considered confidential by us; and/or (iii) are by their nature inherently or reasonably to be considered confidential. Confidential Information does not include any information that: (a) is now, or subsequently becomes, generally available to the public (except as a result of a breach of confidentiality obligations by you, Franchisee or Franchisee’s owners, employees or other constituents); (b) you can demonstrate was rightfully in your possession, without obligation of nondisclosure, before the information was disclosed to you by us or Franchisee (or any person associated with us or Franchisee); (c) is independently developed by you without any use of, or reference to, any Confidential Information; or (d) is rightfully obtained from a third party who has the right to transfer or disclose such information to you without breaching any obligation of confidentiality imposed on such third party.

“Copyrighted Materials” means all copyrightable materials for which we or our affiliate have secured common law or registered copyright protection and that we allow franchisees to use, sell or display in connection with the marketing and/or operation of a SUCCESS Space Facility, whether now in existence or created in the future.

“Facility” or “SUCCESS Space Facility” means a membership-based shared workspace facility that operates under the Marks and offers flexible rental options combined with access to onsite professional business coaching, virtual communication technology, a limited-service café and various other amenities. The term may refer to a Facility operated by us, our affiliate, Franchisee or another franchisee, as the context may require.

“Franchisee” means the SUCCESS Space franchisee for whom you are an officer, director, employee or independent contractor.

“Improvements” means any idea, addition, modification or improvement to (a) the goods or services offered or sold at a Facility, (b) the method of operation of a Facility, (c) the processes, systems or procedures utilized by a Facility, (d) the marketing, advertising or promotional materials, programs or strategies utilized by a Facility or (e) the trademarks, service marks, logos or other intellectual property utilized by a Facility, whether developed by you, Franchisee, us or any other person.

“Intellectual Property” means, collectively or individually, the Business Data, Copyrighted Materials, Improvements, Know-how, Marks and System.

“Know-how” means all of our trade secrets and other proprietary information relating to the design, construction, development, marketing or operation of a SUCCESS Space Facility, including, but not

limited to: architectural plans, drawings and specifications for a prototype Facility; site selection criteria; recipes for menu items; methods and techniques; standards and specifications; policies and procedures; supplier lists and information; marketing strategies; merchandising strategies; financial information; and information comprising the System or included in Manual.

“Manual” means our confidential brand standards manual for the operation of a SUCCESS Space Facility.

“Marks” means and includes all service marks, trademarks, trade names and logos that we designate from time to time and authorize SUCCESS Space Facilities to use, including “SUCCESS,” “SUCCESS Space,” “SUCCESS Coaching” and the associated logos. The Marks also include any distinctive trade dress used to identify a SUCCESS Space Facility.

“Prohibited Activities” means any one or more of the following: (a) owning, operating or having any other interest (as an owner, partner, director, officer, employee, manager, consultant, shareholder, creditor, representative, agent or in any similar capacity) in a Competitive Business (other than owning an interest of five percent (5%) or less in a publicly traded company that is a Competitive Business); (b) disparaging or otherwise making negative comments about us, any of our affiliates, the System and/or any SUCCESS Space Facility; (c) diverting or attempting to divert any business from us (or one of our affiliates or franchisees); and/or (d) inducing any SUCCESS Space member to transfer their business to a competitor.

“Restricted Period” means the two (2) year period after you cease to be an officer, director, employee or independent contractor of Franchisee; provided, however, that if a court of competent jurisdiction determines that this period of time is too long to be enforceable, then Restricted Period means the one (1) year period after you cease to be an officer, director, employee or independent contractor of Franchisee.

“Restricted Territory” means the geographic area within: (a) a five (5) mile radius from Franchisee’s Facility (and including the Facility’s premises); and (b) a five (5) mile radius from all other SUCCESS Space Facilities that are operating or under construction as of the date of this Agreement and remain in operation or under construction during all or any part of the Restricted Period; provided, however, that if a court of competent jurisdiction determines that the foregoing Restricted Territory is too broad to be enforceable, then Restricted Territory means the geographic area within a five (5) mile radius from Franchisee’s Facility (and including the Facility’s premises itself).

“SUCCESS Space Facility” or “Facility” means a membership-based shared workspace facility that operates under the Marks and offers flexible rental options combined with access to onsite professional business coaching, virtual communication technology, a limited-service café and various other amenities. The term may refer to a Facility operated by us, our affiliate, Franchisee or another franchisee, as the context may require.

“System” means the proprietary business format and system we developed for the operation of a SUCCESS Space Facility, the distinctive characteristics of which include, among other things: SUCCESS Space designs, furniture, fixtures and equipment; site selection and layout criteria; distinctive interior and exterior design, décor, signage, color scheme and other trade dress elements; proprietary and nonproprietary products; quality, distinctiveness and uniformity of products and services; standards, specifications, policies and procedures for Facility construction, management and operations; membership model; proprietary SUCCESS Spaceware business management platform; training programs; and advertising and promotional programs.

- 2. Background.** You are an officer, director, employee or independent contractor of Franchisee. As a result of this association, you may gain knowledge of our System and Know-how. You understand that protecting the Intellectual Property is vital to our success and that of our franchisees and that you could seriously jeopardize our entire franchise system if you were to unfairly compete with us. In order to avoid such damage, you agree to comply with the terms of this Agreement.

3. Brand Protection Covenants.

- (a) Intellectual Property. You agree to:
- (i) refrain from using the Intellectual Property in any capacity or for any purpose other than the operation of Franchisee's SUCCESS Space Facility;
 - (ii) maintain the confidentiality of the Know-how and other Confidential Information at all times;
 - (iii) refrain from making unauthorized copies of documents containing any Know-how or other Confidential Information;
 - (iv) take all reasonable steps we require prevent unauthorized use or disclosure of Know-how or other Confidential Information; and
 - (v) immediately stop using the Intellectual Property at such time that you are no longer an officer, director, employee or independent contractor of Franchisee.

You agree to assign to us or our designee, without charge, all rights to any Improvement developed by you, including the right to grant sublicenses. If applicable law precludes you from assigning ownership of any Improvement to us, then such Improvement shall be perpetually licensed by you to us free of charge, with full rights to use, commercialize and sublicense the same.

- (b) Unfair Competition. You may not engage in any Prohibited Activities at any time: (i) that you are an officer, director, employee or independent contractor of Franchisee; or (ii) during the Restricted Period. Notwithstanding the foregoing, you may have an interest in a Competitive Business during the Restricted Period as long as the Competitive Business is not located within the Restricted Territory. If you engage in any Prohibited Activities during the Restricted Period (other than having an interest in a Competitive Business permitted by this Section), your Restricted Period will be extended by the period of time during which you were engaging in the Prohibited Activity (any such extension of time will not be construed as a waiver of your breach or otherwise impair any of our rights or remedies relating to your breach).
- (c) Family Members. Because you could circumvent the purpose of this Agreement by disclosing Know-how to an immediate family member (i.e., parent, sibling, child, or grandchild) and it would be difficult for us to prove any such breach, you will be presumed to have breached this Agreement if a member of your immediate family engages in any Prohibited Activities at any time that you are prohibited from engaging in the Prohibited Activities. However, you may rebut this presumption with evidence conclusively showing you did not disclose Know-how to the family member.
- (d) Covenants Reasonable. You acknowledge that: (i) the terms of this Agreement are reasonable both in time and in scope of geographic area; and (ii) you have sufficient resources, business experience and opportunities to earn an adequate living while complying with this Agreement. Although you and we both believe the covenants in this Agreement are reasonable, we may at any time unilaterally modify the terms of the brand protection covenants in §3 of this Agreement, upon written notice to you, by limiting the scope of the Prohibited Activities, narrowing the definition of a Competitive Business, shortening the duration of the Restricted Period, reducing the geographic scope of the Restricted Territory and/or reducing the scope of any other covenant imposed upon you under §3 of this Agreement to ensure that the terms and covenants are enforceable under applicable law.
- (e) Breach. You agree that: (i) any failure to comply with §3 is likely to cause substantial and irreparable damage to us and/or other franchisees for which there is no adequate remedy at law; and (ii) we are entitled to injunctive relief if you breach §3 together with any other relief available at equity or law. We will notify you if we intend to seek injunctive relief, but we need not post a bond. If a court requires that we post a bond despite our mutual agreement to the contrary, the

required amount of the bond may not exceed \$1,000. If an injunction is wrongfully issued, you may seek dissolution of the injunction as your sole remedy. You hereby waive all claims for damages resulting from a wrongfully issued injunction. None of the remedies available to us under this Agreement are exclusive of any other, but may be combined with others under this Agreement, or at law or in equity, including injunctive relief, specific performance and recovery of monetary damages. No claim held by you against us, our affiliate or Franchisee may be used as a defense against our enforcement of this §3.

4. Miscellaneous.

- (a) If we hire an attorney or file suit against you for breach of this Agreement and we prevail, you must reimburse us for our reasonable attorneys' fees and costs.
- (b) This Agreement will be governed by, construed and enforced under the laws of Texas and the courts in that state shall have jurisdiction over any legal proceedings arising out of this Agreement.
- (c) Each section of this Agreement, including each subsection and portion thereof, is severable. If any section, subsection or portion of this Agreement is unenforceable, it shall not affect the enforceability of any other section, subsection or portion. The parties agree that the court may impose such limitations on the terms of this Agreement as it deems in its discretion necessary to make such terms reasonable in scope, duration and geographic area.
- (d) If you are a resident of Washington, D.C. as of the date you sign this Agreement, then the noncompetition covenant set forth in this Agreement shall not be applicable to you and the definition of "Prohibited Activities" shall be deemed amended by deleting clause (a) from such definition.

This Brand Protection Agreement is executed as of the date or dates set forth below.

By: _____

Name: _____

Date: _____

ATTACHMENT "F"
TO FRANCHISE AGREEMENT
CONFIDENTIALITY AGREEMENT

[See Attached]

CONFIDENTIALITY AGREEMENT

This Agreement (this “Agreement”) is entered into by the undersigned (“you”) in favor of Success Franchising, LLC, a Delaware limited liability company, and its successors and assigns (“us”), upon the terms and conditions set forth in this Agreement.

- 1. Definitions.** For purposes of this Agreement, the following terms have the meanings given to them below:

“Business Data” means all data pertaining to Franchisee’s members, customers and business operations, whether collected by you, Franchisee, us or any other person.

“Confidential Information” means and includes: (a) the Know-How; (b) the Business Data; (c) the terms of the Franchise Agreement and all related agreements signed by Franchisee in connection with the Facility, and all attachments thereto and amendments thereof; (d) the components of the System; (e) all information within or comprising the Manual; and (f) all other concepts, ideas, trade secrets, financial information, marketing strategies, expansion strategies, studies, supplier information, customer information, franchisee information, investor information, flow charts, inventions, mask works, improvements, discoveries, standards, specifications, formulae, recipes, designs, sketches, drawings, policies, processes, procedures, methodologies and techniques, together with analyses, compilations, studies or other documents that: (i) are designated as confidential; (ii) are known by you to be considered confidential by us; and/or (iii) are by their nature inherently or reasonably to be considered confidential. Confidential Information does not include any information that: (a) is now, or subsequently becomes, generally available to the public (except as a result of a breach of confidentiality obligations by you, Franchisee or Franchisee’s owners, employees or other constituents); (b) you can demonstrate was rightfully in your possession, without obligation of nondisclosure, before the information was disclosed to you by us or Franchisee (or any person associated with us or Franchisee); (c) is independently developed by you without any use of, or reference to, any Confidential Information; or (d) is rightfully obtained from a third party who has the right to transfer or disclose such information to you without breaching any obligation of confidentiality imposed on such third party.

“Copyrighted Materials” means all copyrightable materials for which we or our affiliate have secured common law or registered copyright protection and that we allow franchisees to use, sell or display in connection with the marketing and/or operation of a SUCCESS Space Facility, whether now in existence or created in the future.

“Facility” or “SUCCESS Space Facility” means a membership-based shared workspace facility that operates under the Marks and offers flexible rental options combined with access to onsite professional business coaching, virtual communication technology, a limited-service café and various other amenities. The term may refer to a Facility operated by us, our affiliate, Franchisee or another franchisee, as the context may require.

“Franchisee” means the SUCCESS Space franchisee for whom you are an officer, director, employee or independent contractor.

“Improvements” means any idea, addition, modification or improvement to (a) the goods or services offered or sold at a Facility, (b) the method of operation of a Facility, (c) the processes, systems or procedures utilized by a Facility, (d) the marketing, advertising or promotional materials, programs or strategies utilized by a Facility or (e) the trademarks, service marks, logos or other intellectual property utilized by a Facility, whether developed by you, Franchisee, us or any other person.

“Intellectual Property” means, collectively or individually, the Business Data, Copyrighted Materials, Improvements, Know-how, Marks and System.

“Know-how” means all of our trade secrets and other proprietary information relating to the design, construction, development, marketing or operation of a SUCCESS Space Facility, including, but not limited to: architectural plans, drawings and specifications for a prototype Facility; site selection criteria; recipes for menu items; methods and techniques; standards and specifications; policies and procedures; supplier lists and information; marketing strategies; merchandising strategies; financial information; and

information comprising the System or included in Manual.

“Manual” means our confidential brand standards manual for the operation of a SUCCESS Space Facility.

“Marks” means and includes all service marks, trademarks, trade names and logos that we designate from time to time and authorize SUCCESS Space Facilities to use, including “SUCCESS,” “SUCCESS Space,” “SUCCESS Coaching” and the associated logos. The Marks also include any distinctive trade dress used to identify a SUCCESS Space Facility.

“SUCCESS Space Facility” or “Facility” means a membership-based shared workspace facility that operates under the Marks and offers flexible rental options combined with access to onsite professional business coaching, virtual communication technology, a limited-service café and various other amenities. The term may refer to a Facility operated by us, our affiliate, Franchisee or another franchisee, as the context may require.

“System” means the proprietary business format and system we developed for the operation of a SUCCESS Space Facility, the distinctive characteristics of which include, among other things: SUCCESS Space designs, furniture, fixtures and equipment; site selection and layout criteria; distinctive interior and exterior design, décor, signage, color scheme and other trade dress elements; proprietary and nonproprietary products; quality, distinctiveness and uniformity of products and services; standards, specifications, policies and procedures for Facility construction, management and operations; membership model; proprietary SUCCESS Spaceware business management platform; training programs; and advertising and promotional programs.

2. **Background.** You are an officer, director, employee or independent contractor of Franchisee. As a result of this association, you may gain knowledge of our System and Know-how. You understand that protecting the Intellectual Property is vital to our success and that of our franchisees and that you could seriously jeopardize our entire franchise system if you were to unfairly compete with us. In order to avoid such damage, you agree to comply with the terms of this Agreement.
3. **Know-How and Intellectual Property.** You agree to:
 - (i) refrain from using the Intellectual Property in any capacity or for any purpose other than the operation of Franchisee’s SUCCESS Space Facility;
 - (ii) maintain the confidentiality of the Know-how and other Confidential Information at all times;
 - (iii) refrain from making unauthorized copies of documents containing any Know-how or other Confidential Information;
 - (iv) take all reasonable steps we require to prevent unauthorized use or disclosure of Know-how or other Confidential Information; and
 - (v) stop using the Intellectual Property immediately if you are no longer an officer, director, employee or independent contractor of Franchisee.

You agree to assign to us or our designee, without charge, all rights to any Improvement developed by you, including the right to grant sublicenses. If applicable law precludes you from assigning ownership of any Improvement to us, then such Improvement shall be perpetually licensed by you to us free of charge, with full rights to use, commercialize and sublicense the same.

4. **Family Members.** Because you could circumvent the purpose of this Agreement by disclosing Know-how to an immediate family member (i.e., parent, sibling, child, or grandchild) and it would be difficult for us to prove any such breach, you will be presumed to have breached this Agreement if a member of your immediate family uses or disclosed the Know-how. However, you may rebut this presumption with evidence conclusively showing you did not disclose Know-how to the family member.
5. **Covenants Reasonable.** You acknowledge and agree that: (a) the terms of this Agreement are reasonable both in time and in scope of geographic area; and (b) you have sufficient resources, business experience

and opportunities to earn an adequate living while complying with the terms of this Agreement.

6. **Breach.** You agree that: (a) any failure to comply with this Agreement is likely to cause substantial and irreparable damage to us and/or other franchisees for which there is no adequate remedy at law; and (b) we are entitled to injunctive relief if you breach this Agreement together with any other relief available at equity or law. We will notify you if we intend to seek injunctive relief, but we need not post a bond. If a court requires that we post a bond despite our mutual agreement to the contrary, the required amount of the bond may not exceed \$1,000. If an injunction is wrongfully issued, you may seek dissolution of the injunction as your sole remedy. You hereby waive all claims for damages resulting from a wrongfully issued injunction. None of the remedies available to us under this Agreement are exclusive of any other, but may be combined with others under this Agreement, or at law or in equity, including injunctive relief, specific performance and recovery of monetary damages. No claim held by you against us, our affiliate or Franchisee may be used as a defense against our enforcement of this Agreement.

7. **Miscellaneous.**

- (a) If we hire an attorney or file suit against you for breach of this Agreement and we prevail, you must reimburse us for our reasonable attorneys' fees and costs.
- (b) This Agreement will be governed by, construed and enforced under the laws of Texas and the courts in that state shall have jurisdiction over any legal proceedings arising out of this Agreement.
- (c) Each section of this Agreement, including each subsection and portion thereof, is severable. If any section, subsection or portion of this Agreement is unenforceable, it shall not affect the enforceability of any other section, subsection or portion. The parties agree that the court may impose such limitations on the terms of this Agreement as it deems in its discretion necessary to make such terms enforceable.

This Confidentiality Agreement is executed as of the date set forth below.

By: _____

Name: _____

Date: _____

EXHIBIT "D"
TO DISCLOSURE DOCUMENT
AREA DEVELOPMENT AGREEMENT

[See Attached]



AREA DEVELOPMENT AGREEMENT

AREA DEVELOPER: _____
DATE: _____

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ATTACHMENTS

ATTACHMENT "A" Deal Terms

AREA DEVELOPMENT AGREEMENT

This Area Development Agreement (this “Agreement”) is entered into as of _____, 202__ (the “Effective Date”) between Success Franchising, LLC, a Delaware limited liability company (“we” or “us”) and _____, a(n) _____ (“you”).

1. DEFINITIONS. Capitalized terms used in this Agreement shall have the meanings given to them below. Any capitalized term used in this Agreement that is not defined below shall have the meaning given to such term in the Initial Franchise Agreement (as defined below).

“Acquisition” has the meaning given to such term in the Initial Franchise Agreement.

“Anti-Terrorism Law” has the meaning given to such term in the Initial Franchise Agreement.

“Definitive Agreements” has the meaning given to such term in the Initial Franchise Agreement.

“Developer Entity” means the Entity that: (a) signs this Agreement as the area developer (i.e., “you”) if this Agreement is signed by an Entity; or (b) assumes this Agreement subsequent to its execution by the original Owners.

“Development Schedule” means the schedule described in §4.1 and Part D of ATTACHMENT "A" for the development of SUCCESS Space Facilities within the Development Territory.

“Development Territory” means the geographic area described in Part C of ATTACHMENT "A".

“Dispute” means any Claim, dispute or disagreement between the parties, including any matter pertaining to: (a) the interpretation or enforcement of this Agreement; (b) the offer and sale of the area development rights; or (c) the relationship between the parties.

“Entity” has the meaning given to such term in the Initial Franchise Agreement.

“Equity Interest” has the meaning given to such term in the Initial Franchise Agreement.

“Force Majeure” has the meaning given to such term in the Initial Franchise Agreement.

“Franchise Agreement” means a SUCCESS Space Franchise Agreement executed by us and you (or an affiliate of yours) for the development and operation of a Facility to be developed by you pursuant to this Agreement.

“General Release” means our then-current form of Waiver and Release of Claims that you and your Owners must sign pursuant to §7.2 in connection with a Transfer.

“Governmental Authority” has the meaning given to such term in the Initial Franchise Agreement.

“Government Official” has the meaning given to such term in the Initial Franchise Agreement.

“Initial Franchise Agreement” means the Franchise Agreement executed by you concurrently with the execution of this Agreement for your first Facility to be established pursuant to this Agreement.

“Initial Franchise Fee” means the initial franchise fee you must pay for each Facility to be developed under this Agreement, which initial franchise fee is set forth in Part B of ATTACHMENT "A".

“Intellectual Property” has the meaning given to such term in the Initial Franchise Agreement.

“Law” has the meaning given to such term in the Initial Franchise Agreement.

“Limited Access Locations” has the meaning given to such term in the Initial Franchise Agreement.

“Limited Services Facility” has the meaning given to such term in the Initial Franchise Agreement.

“Managing Owner” has the meaning given to such term in the Initial Franchise Agreement.

“Owner” or “Owners” means a Person who meets any of the following criteria: (a) the Person directly signs this Agreement as the area developer (either alone or in conjunction with one or more other Persons); (b) the Person directly or indirectly (through one or more intermediaries) owns any Equity Interest in the Developer Entity (if the area developer under this Agreement is an Entity); (c) the Person directly signs a Franchise Agreement as the franchisee (either alone or in conjunction with one or more

other Persons); and/or (d) the Person directly or indirectly (through one or more intermediaries) owns any Equity Interest in any affiliate of yours that executes a Franchise Agreement as authorized by §6.

“Permitted Transfer” means: (a) a Transfer from one Owner to another Owner who was an approved Owner prior to such Transfer, other than a Transfer that results in the Managing Owner holding less than a 20% ownership interest in the area developer franchise or the Developer Entity, as applicable; and/or (b) a Transfer by the Owners to a newly established Developer Entity for which such Owners collectively own and control 100% of the Equity Interests.

“Person” has the meaning given to such term in the Initial Franchise Agreement.

“Revenue Share” has the meaning given to such term in the Initial Franchise Agreement.

“SUCCESS Space Facility” or “Facility” means a membership-based shared workspace facility that operates under the Marks and offers flexible rental options combined with access to onsite professional business coaching, virtual communication technology, a limited-service café and various other amenities.

“Term” means the period of time beginning on the Effective Date of this Agreement and expiring on the earlier to occur of: (a) the date by which you are required to open the last Facility to be developed under the Development Schedule; or (b) the date this Agreement is effectively terminated for any reason.

“Transfer” means any direct or indirect, voluntary or involuntary (including by judicial award, order or decree), assignment, sale, conveyance, subdivision, sublicense or other transfer or disposition of:

- (a) this Agreement (or any interest therein);
- (b) the area development rights granted by this Agreement (or any interest therein);
- (c) the business conducted by you pursuant to this Agreement (or any interest therein);
- (d) the right to manage a Facility or occupy the Facility’s premises; or
- (e) an Equity Interest in the Developer Entity (including public and private offerings);

including by merger or consolidation, by issuance of additional Equity Interests in the Developer Entity, or by operation of Law, will or a trust upon the death of an Owner of the Developer Entity (including the Laws of intestate succession).

2. **GRANT OF DEVELOPMENT RIGHTS.** Subject to the terms and conditions of this Agreement, we hereby grant you the right and obligation to develop, open and operate each of the Facilities referred to in the Development Schedule. Each Facility must be located within the Development Territory and at a specific site we approve in accordance with the terms of the applicable Franchise Agreement. This Agreement does not grant you any rights or licenses to use our Intellectual Property
3. **TERRITORIAL PROTECTIONS AND LIMITATIONS.** During the Term we will not develop or operate, or license a third party to develop or operate, a SUCCESS Space Facility that is physically located within the Development Territory other than: (a) any Facility that is operating, under development, or for which a franchise agreement has been executed, in each case as of the Effective Date, and that is (or will be) located within the Development Territory; and (b) any Facility otherwise permitted by this Section in connection with Limited Access Locations, Acquisitions and Limited Services Facilities. At any time during the Term we reserve the right to: (a) develop and operate, and license third parties to develop and operate, SUCCESS Space Facilities in Limited Access Locations that are located within the Development Territory; (b) engage in Acquisitions, even if as a result of an Acquisition one or more competitive businesses of the acquired or acquiring company that are located in your Development Territory convert to and begin operating as SUCCESS Space Facilities using our Intellectual Property (including our Marks); and (c) develop and operate, and license third parties to develop and operate, Limited Services Facilities from any site within your Development Territory that is located a minimum of three (3) miles from each Facility you develop, subject to your right to receive a Revenue Share in accordance with the terms of the Franchise Agreement.

4. DEVELOPMENT OBLIGATIONS

- 4.1. **Development Schedule.** You must develop, open and operate all Facilities referred to in the Development Schedule. You must develop and open each Facility in strict compliance with the opening dates set forth in the Development Schedule. We may, in our sole discretion, extend the time periods listed in the Development Schedule, but only if you demonstrate to our reasonable satisfaction you used best efforts in attempting to comply with your development obligations and the need for additional time is due to unforeseeable delays and not due to your neglect, misconduct or lack of funding. The opening date listed in the Development Schedule for a given Facility may be earlier than the opening date required under the terms of the associated Franchise Agreement. In order to comply with the Development Schedule, you must open each Facility by the opening date listed in the Development Schedule even if such date is earlier than the opening date required by the associated Franchise Agreement.
- 4.2. **Site Selection.** You must select a specific site within the Development Territory for each Facility in compliance with our then-current site selection criteria. Each site you select is subject to our prior approval in accordance with the applicable Franchise Agreement.
- 4.3. **Franchise Agreements.** You must sign a separate Franchise Agreement for each Facility. You must sign the Initial Franchise Agreement for your first (1st) Facility at the time you sign this Agreement. We will not review or approve a proposed site until you sign the applicable Franchise Agreement for the proposed site. Each Franchise Agreement shall be our then-current form of SUCCESS Space Franchise Agreement (modified to reflect the Initial Franchise Fee listed in this Agreement), the terms of which may vary materially and substantially from the terms of the Initial Franchise Agreement. At the time you sign the Franchise Agreement for each new Facility, you must pay us the balance of the Initial Franchise Fee for that Facility (i.e., \$40,500). You have no right to construct or operate a Facility until the parties have signed the Franchise Agreement and all ancillary agreements for that Facility. You must develop, open and operate each Facility in compliance with the Franchise Agreement and the Manual.
- 4.4. **Additional Locations.** You may not develop any Facility other than the Facilities listed in the Development Schedule unless we, in our sole discretion, permit you to enter into a new area development agreement, which will be upon such terms that we specify, after you develop all Facilities listed in the Development Schedule.

5. **DEVELOPMENT FEE.** At the time you sign this Agreement, you must pay us: (a) the full Initial Franchise Fee for your first Facility; and (b) a development fee for your remaining development rights in the amount set forth in Part B of ATTACHMENT "A", which amount is calculated as 10% of the aggregate Initial Franchise Fees for all Facilities to be developed under this Agreement (other than your first Facility). The development fee is fully earned and nonrefundable upon execution of this Agreement.

6. **AREA DEVELOPER AS ENTITY.** You represent that Part A of ATTACHMENT "A" includes a complete and accurate list of your Owners. Upon our request, you must provide us with a resolution of the Developer Entity authorizing the execution of this Agreement, a copy of the Developer Entity's organizational documents and a current Certificate of Good Standing (or the functional equivalent thereof). You may form a separate Entity to enter into each Franchise Agreement provided that: (a) the Person or Persons owning the Equity Interests (and the percentage of the Equity Interests owned) in each such Entity must be the same Person or Persons owning the Equity Interests (with the same percentage of the Equity Interests owned) in the Developer Entity; and (b) each such Entity guarantees the performance of all other Entities formed under the authority of this §6. All direct and indirect Owners of the Developer Entity and any Entity formed under this §6 and their spouses must sign a Franchise Owner Agreement.

7. TRANSFERS

- 7.1. **By Us.** This Agreement is fully assignable by us (without prior notice to you) and shall inure to the benefit of any assignee(s) or other legal successor(s) to our interest in this Agreement, provided

that we shall, subsequent to any such assignment, remain liable for the performance of our obligations under this Agreement up to the effective date of the assignment.

7.2. **By You.** The rights and duties created by this Agreement are personal to you and the Owners. We are granting you area development rights in reliance upon the character, skill, attitude, business ability and financial capacity of you and your Owners. Therefore, neither you nor any Owner may engage in a Transfer (other than a Permitted Transfer) without our prior written approval. Any Transfer (other than a Permitted Transfer) without our approval shall be void and constitute a breach of this Agreement. We will not unreasonably withhold our approval of any proposed Transfer if all of the following conditions are satisfied:

- (i) we believe the proposed transferee has sufficient business experience, aptitude and financial resources to develop, own and operate all of the remaining Facilities to be developed under this Agreement and meets our minimum criteria for area developer franchisees;
- (ii) you and your Owners and affiliates are in full compliance with all Definitive Agreements;
- (iii) the transferee's owners successfully complete, or make arrangements to attend, the initial training program;
- (iv) the transferee and its owners sign our then-current form of area development agreement (unless we, in our sole discretion, instruct you to assign this Agreement to the transferee), except that: (a) the Term shall be the Term remaining under this Agreement; (b) the transferee need not pay a separate development fee; and (c) the Development Schedule and Development Territory shall be the same Development Schedule and Development Territory specified in this Agreement (modified to reflect the development obligations satisfied prior to the Transfer);
- (v) you or the transferee pay us a transfer fee equal to the greater of: (a) \$5,000; or (b) the total costs we actually incur in connection with the Transfer, including, without limitation, legal fees and due diligence related expenses (if the transferee is found by a broker we engage, you must also reimburse us for all commissions we pay to the broker, which amount shall be in addition to the transfer fee);
- (vi) you assign all Franchise Agreements to the transferee in accordance with the transfer provisions under each such Franchise Agreement (including payment of any transfer fee imposed under each such Franchise Agreement);
- (vii) you and your Owners sign a General Release;
- (viii) we choose not to elect to exercise our right of first refusal described in §7.5; and
- (ix) you or the transferring Owner, as applicable, and the transferee satisfy any other conditions we reasonably require as a condition to our approval of the Transfer.

You may not: (a) transfer less than your entire remaining area development rights under this Agreement (i.e., you may not retain the right to develop any Facility); or (b) transfer your area development rights to multiple transferees. Our consent to a Transfer shall not constitute a waiver of any Claims we may have against the transferor, nor shall it be deemed a waiver of our right to demand the transferee fully comply with all terms of the area development agreement.

7.3. **Permitted Transfers.** You may engage in a Permitted Transfer without our prior approval, but you must: (a) give us at least 10 days' prior written notice; and (b) upon our request, cause any Entity that was the Developer Entity immediately prior to the Permitted Transfer to sign a corporate guarantee in the format we require to secure performance of the new Developer Entity's financial obligations under this Agreement and all related agreements. You and the Owners (and the transferee) agree to sign all documents we reasonably request to effectuate and document the Permitted Transfer.

- 7.4. **Death or Disability of an Owner.** Within 180 days after the death or permanent disability of an Owner, the Owner's ownership interest in you or the franchise, as applicable, must be assigned to another Owner or to a third party we approve. Any assignment to a third party will be subject to all terms and conditions of §7.2 unless the assignment qualifies as a Permitted Transfer. For purposes of this Section, an Owner is deemed to have a "permanent disability" only if the Person has a medical or mental problem that prevents the Person from substantially complying with his or her obligations under this Agreement for a continuous period of at least three (3) months.
- 7.5. **Our Right of First Refusal.** If you or an Owner desires to engage in a Transfer, you or the Owner, as applicable, must obtain (and send us) a bona-fide offer executed by the purchaser after completion of due diligence. We have 30 days after receipt of the offer to decide whether to purchase the interest for the same price and upon the same terms contained in the offer (however, we may substitute cash for any non-cash form of payment proposed in the offer). If we notify you within the 30-day period that we intend to purchase the interest, you or the Owner, as applicable, must sell the interest to us. We will have an additional 30 days to prepare for closing. We will be entitled to receive from you or the Owner, as applicable, all customary representations and warranties given by you (as the seller of the assets) or the Owner (as the seller of the ownership interest) or, at our election, the representations and warranties contained in the offer. If we do not exercise our right of first refusal, you or the Owner, as applicable, may complete the Transfer to the purchaser pursuant to the terms of the offer, subject to the requirements of §7.2 (including our approval of the transferee). However, if the sale is not completed within 120 days after delivery of the offer to us, or there is a material change to the terms of sale, we will again have the right of first refusal specified in this Section. Our right of first refusal shall not apply to a Permitted Transfer.

8. TERMINATION OF DEVELOPMENT RIGHTS

- 8.1. **Reasonableness.** You represent that you: (a) have conducted your own independent investigation and analysis of the prospects for the establishment of the Facilities within the Development Territory; (b) approve the Development Schedule as being reasonable and viable; and (c) recognize that any failure to comply with the Development Schedule constitutes a material breach of this Agreement.
- 8.2. **Termination of Development Rights.** If you fail to comply with any term of this Agreement, we may terminate this Agreement, effective 30 days after giving you written notice of the default, unless you fully cure the default within such 30-day period. Any such termination will end all of your rights and development obligations under this Agreement, including without limitation, your interests in the Development Territory and right to open additional Facilities. In the event of a termination, you will not receive any refund of the development fee but you will not be obligated to pay the remaining balance of the Initial Franchise Fee for any Facility with respect to which, as of the effective date of termination of this Agreement, you had not executed a Franchise Agreement
- 8.3. **Cross Default.** Our termination of a Franchise Agreement due to your default constitutes a default under this Agreement permitting us to terminate this Agreement immediately upon notice to you.

9. **DISPUTE RESOLUTION.** Any Dispute between the parties relating to this Agreement shall be resolved pursuant to the dispute resolution provisions in the Initial Franchise Agreement. All such dispute resolution provisions are incorporated herein by reference as if full set forth in this Agreement.

10. REPRESENTATIONS.

- 10.1. **Corporate Representations.** You and your Owners jointly and severally represent and warrant to us that the execution and delivery of this Agreement, and the performance of your obligations hereunder, does not: (a) conflict with, breach or constitute a default under any other agreement to which you are (or any affiliate of yours is) a party or by which your (or your affiliate's) assets may be bound; (b) violate any order, writ, injunction, decree, judgment or ruling of any Governmental Authority; or (c) violate any applicable Law. If the developer is an Entity, then you and your

Owners also jointly and severally represent and warrant to us that: (a) the Developer Entity is duly organized, validly existing and in good standing under the Laws of the state of its formation and has the requisite power and authority to enter into this Agreement and to perform each of its obligations hereunder; and (b) the execution and delivery of this Agreement have been duly authorized by all requisite corporate action and this Agreement shall constitute the legal, valid and binding obligation of the Developer Entity and shall be enforceable against the Developer Entity in accordance with its terms.

- 10.2. Franchise Compliance Representations.** You and your Owners jointly and severally represent and warrant to us that you received: (a) an exact copy of this Agreement and its attachments, with all material terms filled in, at least seven (7) calendar days before you signed this Agreement; and (b) our Franchise Disclosure Document at the earlier of (i) 14 calendar days before you signed a binding agreement or paid any money to us or our affiliates or (ii) such earlier time in the sales process that you requested a copy.
- 10.3. General Representations.** You and your Owners jointly and severally represent and warrant to us that: (a) other area developers may operate under different forms of agreement and our obligations and rights with respect to area developers differs materially in certain circumstances; and (b) we may negotiate terms or offer concessions to other area developers and we have no obligation to offer you the same or similar negotiated terms or concessions.
- 10.4. Anti-Terrorism Compliance.** You and your Owners jointly and severally represent and warrant to us that, to the best of your knowledge: (a) no property or interest owned by you or any Owner is subject to being “blocked” under any Anti-Terrorism Law; (b) neither you nor any Owner, nor any of their respective funding sources (including any legal or beneficial owner of any Equity Interest in you) or related parties is, or has ever been: (i) a terrorist or suspected terrorist within the meaning of the Anti-Terrorism Law; or (ii) identified by name (or alias, pseudonym or nickname) or address on any Terrorist List, including on the list of “Specially Designated Nationals” or “Blocked Persons” maintained by the U.S. Treasury Department’s Office of Foreign Assets Control (texts currently available at www.home.treasury.gov); and(c) you and the Owners are in compliance with, and shall continue to comply with, the Anti-Terrorism Law and all other Laws (either currently in effect or enacted in the future) prohibiting corrupt business practices, money laundering or the aid or support of Persons who conspire to commit acts of terror against any Person or government that are in effect within the United States of America. The foregoing representations and warranties are ‘continuing’ representations and warranties for the duration of the franchise relationship. Accordingly, you agree to notify us immediately in writing of the occurrence of any event or the development of any circumstance that might render any of the foregoing representations and warranties false, inaccurate or misleading.

11. GENERAL PROVISIONS

- 11.1. Governing Law.** This Agreement and the franchise relationship shall be governed by the Laws of the State of Texas (without reference to its principles of conflicts of law), but any Law of the State of Texas that regulates the offer and sale of franchises or business opportunities or governs the relationship of a franchisor and its franchisee will not apply unless its jurisdictional requirements are met independently without reference to this Section.
- 11.2. Severability.** Each section and subsection of this Agreement, and any portion thereof, shall be considered severable.
- 11.3. Waivers.** We and you may by written instrument unilaterally waive or reduce any obligation of or restriction upon the other.
- 11.4. Force Majeure.** Neither party shall be liable for loss or damage or deemed to be in breach of this Agreement if such party’s failure to perform its obligations results from an event of Force Majeure; *provided, however,* that an event of Force Majeure shall not excuse or permit any failure to perform

for more than 180 days. If the period of non-performance exceeds 180 days from receipt of notice of the Force Majeure event, the party whose ability to perform has not been affected may immediately terminate this Agreement by giving written notice of termination to the other party.

- 11.5. Binding Effect.** This Agreement is binding on the parties hereto and their respective executors, administrators, heirs, assigns and successors in interest. Nothing in this Agreement is intended, nor shall be deemed, to confer any rights or remedies upon any Person not a party to this Agreement.
- 11.6. Integration.** THIS AGREEMENT CONSTITUTES THE ENTIRE AGREEMENT BETWEEN THE PARTIES AND MAY NOT BE CHANGED EXCEPT BY A WRITTEN DOCUMENT SIGNED BY BOTH PARTIES. Any email or other informal electronic communication shall not be deemed to modify this Agreement unless it is signed by both parties and specifically states it is intended to modify this Agreement. The attachment(s) are part of this Agreement, which, together with any Amendments or Addenda executed on or after the Effective Date, constitutes the entire understanding and agreement of the parties, and there are no other oral or written understandings or agreements between us and you about the subject matter of this Agreement. Any representations not specifically contained in this Agreement made before entering into this Agreement do not survive after the signing of this Agreement. Nothing in this Agreement is intended to disclaim any of the representations we made in the Franchise Disclosure Document. No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (a) waiving any claims under any applicable state franchise law, including fraud in the inducement or (b) 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.
- 11.7. Covenant of Good Faith.** If applicable Law implies into this Agreement a covenant of good faith and fair dealing, the covenant shall not imply any rights or obligations that are inconsistent with the express terms of this Agreement. This Agreement (and the relationship of the parties inherent in this Agreement) grants us discretion to make decisions, take actions and/or refrain from taking actions not inconsistent with our explicit rights and obligations under this Agreement that may favorably or adversely affect your interests. We will use our judgment in exercising the discretion based on our assessment of our own interests and balancing those interests against the interests of our franchisees (including ourselves and our affiliates if applicable), but without considering the individual interests of you or any other particular franchisee.
- 11.8. Rights of Parties are Cumulative.** The rights of the parties under this Agreement are cumulative and no exercise or enforcement by either party of any right or remedy under this Agreement will preclude any other right or remedy available under this Agreement or by Law.
- 11.9. Survival.** All provisions that expressly or by their nature survive the termination, expiration or Transfer of this Agreement (or the Transfer of an ownership interest in the business or Developer Entity) shall continue in full force and effect subsequent to and notwithstanding its termination, expiration or Transfer and until they are satisfied in full or by their nature expire.
- 11.10. Construction.** The headings in this Agreement are for convenience only and do not define, limit or construe the contents of the sections or subsections. All references to Sections refer to the Sections contained in this Agreement unless otherwise specified. All references to days in this Agreement refer to calendar days unless otherwise specified. The term “you” as used in this Agreement is applicable to one or more Persons, and the singular usage includes the plural and the masculine and neuter usages include the other and the feminine and the possessive.
- 11.11. Time of Essence.** Time is of the essence in this Agreement and every term thereof.
- 11.12. Counterparts.** This Agreement may be signed in multiple counterparts, each of which shall be deemed an original and all of which together shall constitute but one and the same document.

11.13. Notice. All notices given under this Agreement must be provided in accordance with the Notice Provision of the Initial Franchise Agreement.

The parties to this Agreement have executed this Agreement effective as of the Effective Date first above written.

FRANCHISOR:

Success Franchising, LLC, a Delaware limited liability company

By: _____
Name: _____
Its: _____

YOU (If you are an entity):

_____,
a(n) _____
By: _____
Name: _____
Its: _____

YOU (If you are not an entity):

Name: _____
Name: _____
Name: _____
Name: _____

ATTACHMENT "A"
TO AREA DEVELOPMENT AGREEMENT
DEAL TERMS

A. Area Developer Details.

Name of franchisee: [_____]

Is the franchisee one or more natural persons signing in their individual capacity? **Yes:** ____ **No:** ____

Type of Entity and State of Formation* (if applicable): [_____]

** If the franchisee is a business entity, each natural person holding a direct or indirect ownership interest in the business entity, and spouse of each such person, must sign a Franchise Owner Agreement concurrently with the execution of this Agreement.*

Notice Address: _____

 Attention: _____
 Email: _____

The following table includes the full name of each natural person holding a direct or indirect ownership interest in the area developer franchise (or the franchisee business entity if applicable) along with a description of their ownership interest.

| Owner's Name | % Ownership Interest | Direct or Indirect (if indirect, describe nature of interest) |
|--------------|----------------------|--|
| | | |
| | | |
| | | |
| | | |
| | | |

B. Fees.

- The Initial Franchise Fee shall be \$45,000.
- The development fee shall be \$ _____.

C. Development Territory.

The Development Territory shall include the following geographic area:

If the boundaries that define the Development Territory change during the term, the boundaries of your Development Territory will remain unaffected and will continue to be defined by the boundaries that were in effect as of the Effective Date.

D. Development Schedule.

You agree to comply with the following minimum development obligations as specified in §4 of the Agreement:

| DEVELOPMENT PERIOD ENDING | NUMBER OF FACILITIES OPENED DURING DEVELOPMENT PERIOD | CUMULATIVE NUMBER OF FACILITIES OPENED AND IN OPERATION |
|---|--|--|
| 1 year after Effective Date | | |
| 2 years after Effective Date | | |
| 3 years after Effective Date | | |
| 4 years after Effective Date | | |
| 5 years after Effective Date | | |
| 6 years after Effective Date | | |
| 7 years after Effective Date | | |
| 8 years after Effective Date | | |
| 9 years after Effective Date | | |
| 10 years after Effective Date | | |
| Total Number of Success Space Facilities to be Developed: [_____] | | |

EXHIBIT "E"

TO DISCLOSURE DOCUMENT

TABLE OF CONTENTS OF BRAND STANDARDS MANUAL

Success Space Franchising

I. Introduction to Success Space Franchising (6 pages)

- a. Introduction to Success Franchising
- b. Meet the Leadership Team
- c. Mission, Vision & Values
- d. The Success Space Franchise Value Proposition

II. Industry Analysis (5 pages)

- a. The History of Co-working
- b. Some of the Players
- c. How Success Space “fits” into the Industry

III. Brand Standards (15 pages)

- a. Overview
- b. Franchisee Compliance
 - i. Protecting the Network
 - ii. Dealing with Issues
- c. Reporting and Data Management
 - i. Monthly Royalty Reports
 - ii. Monthly P&L Reports

IV. Operations (35 pages)

- a. Building Your Local Team
 - i. Recruitment & Retention
 - ii. Training
- b. How to Operate the Café
 - i. Setup & Space Design
 - ii. Foodservice Management
 - iii. Inventory Management
 - iv. Supply & Vendor Relations
- c. How to Manage the Cowork Space
 - i. Selling Memberships
 - ii. Managing Your Space
 - iii. Cleaning & Sanitation
 - iv. Special Events
- d. Managing the Coaching Business
 - i. Finding a Great Coach
 - ii. Marketing Coaching Services
- e. Real Estate, Site Selection & Territory Allocation
- f. Maintenance of the Success Space
- g. Building Out Your Success Space
 - i. The Design Phase
 - ii. The Construction Phase
 - iii. Finishes & Fit-out
- h. The Soft Opening

V. The Technology Circle (10 pages)

- a. Success Spaceware Franchise Management System (FMS): Orientation & Training

- b. The Success Space Franchise Training Campus: Access and Ongoing Usage
- c. Cowork / Membership Software: Orientation & Training
- d. The Cafe Point-of-Sale (POS): Orientation & Training
- e. Using QuickBooks Online
- f. Payment Processing: Orientation & Training
- g. Success Space Brand Portal: Access and Ongoing Usage
- h. Call Center Management (CRM): Orientation & Training
- i. The Success Space Virtual Meeting Campus: Orientation & Training

VI. Sales & Marketing (12 pages)

- a. Brand Guidelines
 - i. The Brand Style Guide
 - ii. Do's & Don'ts with the Brand
- b. Your Local Website
- c. Managing Social Media
- d. Local Marketing
 - i. Press Releases
 - ii. Getting Connected to Local Media
- e. The Grand Opening "Event"
- f. Developing Your Sales Plan

VII. Vendors / Suppliers (5 pages)

- a. Vendors & Suppliers that Support You
- b. Warranties & Support Services

VIII. Ongoing Franchisee Support (6 pages)

- a. Building Your Business Plan
- b. Coaching & Gap Analysis
- c. Onsite Visits from Your Franchise Business Counselor
- d. Communication Strategy
 - i. The Annual Convention
 - ii. Periodic Meetings
 - iii. Monthly Franchisee Stand-up Sessions

IX. Handling the Unknown or Emergencies (3 pages)

- a. Developing Your Emergency Preparedness Plan
- b. How to Handle an Emergency

EXHIBIT "F"
TO DISCLOSURE DOCUMENT

LIST OF FRANCHISEES

Part A (Current Franchisees)

The following table lists our franchisees that were open as of December 31, 2022.

| FRANCHISEES OPEN AS OF DECEMBER 31 , 2022 | | | | |
|---|------|---------|-------|---------------|
| State | City | Address | Phone | Owner Name(s) |
| None | | | | |

* These franchisees are also area developers that have committed to open multiple franchised businesses under the terms of an area development agreement.

The following table lists our franchisees with signed franchise agreements that were not open as of December 31, 2022.

| FRANCHISEES NOT OPEN AS OF DECEMBER 31 , 2022 | | | | |
|---|-----------------------|---|------------------------------|---|
| State | City | Address | Phone | Owner Name(s) |
| Alabama | Birmingham | TBD – Unit 1 | 205-605-9432 205-523-5250 | Jeffrey Musser & Jeremy Galloway |
| Alabama | Birmingham | TBD – Unit 2 | 205-605-9432 205-523-5250 | Jeffrey Musser & Jeremy Galloway |
| Alabama | Huntsville | TBD | 256-679-8300 | Keith Andrews & April Purnell |
| California | Oxnard / Camarillo | TBD | 805-827-1700 | Jessica Camarillo |
| Florida | North Palm Beach | TBD | 516-714-4928 | Paul & Cindy Metzler |
| Florida | Tampa | TBD | 352-467-5473 | Emily Harrington |
| Indiana | Carmel | TDB | 317-617-2851 | Amanda Heard |
| Louisiana | New Orleans | TBD | 504-495-3637 504-228-7678 | Mike & Becky Robb |
| Nevada | Las Vegas | TBD | 702-378-7257 | Ty & Jenni Pereza |
| New York | Riverhead | TBD | 631-905-6263 | Jason & Heather McCue |
| Texas | Flower Mound | 6050 Long Prairie Road, Suite 100D Flower Mound, Texas 75028 | 817-783-9885 | Brian & Tisha White |
| Texas | San Antonio | 2719 N. Loop 1604 W, 101-104 San Antonio, Texas 78258 | 210-689-0216 | Lisa & Adolgo Guzman |
| Texas | Sugarland | 6920 Brisbane Ct., Suite 200 Sugar Land, Texas 77479 | 281-900-3816 | Kunal Seth & Sonit Seth |
| Virginia | Stafford | TBD | 571-288-1927 | Fallon Hutcherson & Felicia Minor- Calliste |

* Any franchisee with an * by their name is an area developers that has committed to open multiple franchised businesses under the terms of an area development agreement. We did not have any area developers in 2022.

Part B (Former Franchisees Who Left System During Prior Fiscal Year)

| State | City | Current Business Phone or Last Known Home Phone | Owner Name(s) |
|---------|--------------|---|------------------------------|
| Florida | Jacksonville | (310) 613-1933 | Wendy Barlin & Joshua Popkin |

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

EXHIBIT "G"
TO DISCLOSURE DOCUMENT
AREA REPRESENTATIVES

None

EXHIBIT "H"
TO DISCLOSURE DOCUMENT
FINANCIAL STATEMENTS

[See Attached]

THESE FINANCIAL STATEMENTS ARE PREPARED WITHOUT AN AUDIT. PROSPECTIVE FRANCHISEES OR SELLERS OF FRANCHISES SHOULD BE ADVISED THAT NO CERTIFIED PUBLIC ACCOUNTANT HAS AUDITED THESE FIGURES OR EXPRESSED HIS/HER OPINION WITH REGARD TO THE CONTENT OR FORM.

Success Franchising, LLC
Balance Sheet
As of August 31, 2023

| | Total |
|--|------------------------|
| ASSETS | |
| Current Assets | |
| Bank Accounts | |
| 11165 Checking *5157 | 58,387.93 |
| 11165.1 Bill.com Money Out Clearing | 0.00 |
| Total Bank Accounts | \$ 58,387.93 |
| Accounts Receivable | |
| 11303 Accounts Receivable (A/R) | 30,000.00 |
| Total Accounts Receivable | \$ 30,000.00 |
| Other Current Assets | |
| 11200 OTHER CURRENT RECEIVABLES | |
| 11361 Accrued Revenue | 3,300.00 |
| Total 11200 OTHER CURRENT RECEIVABLES | \$ 3,300.00 |
| 11600 PREPAID EXPENSES | |
| 11614 Prepaid Expenses | 14,223.61 |
| 11614.1 Prepaid Commissions | 46,450.00 |
| 11614.2 Deferred Charges | 5,400.00 |
| Total 11600 PREPAID EXPENSES | \$ 66,073.61 |
| 11701 INTERCOMPANY - DUE FROM | |
| 11701.3 Due From Success Enterprises, LLC | 271.81 |
| Total 11701 INTERCOMPANY - DUE FROM | \$ 271.81 |
| Total Other Current Assets | \$ 69,645.42 |
| Total Current Assets | \$ 158,033.35 |
| TOTAL ASSETS | \$ 158,033.35 |
| LIABILITIES AND EQUITY | |
| Liabilities | |
| Current Liabilities | |
| Accounts Payable | |
| 21111 Accounts Payable (A/P) | 0.00 |
| Total Accounts Payable | \$ 0.00 |
| Other Current Liabilities | |
| 21130.0 CREDIT CARDS | |
| 21130 Accrued Credit Cards | 16,936.32 |
| Total 21130.0 CREDIT CARDS | \$ 16,936.32 |
| 21151 INTERCOMPANY - DUE TO | |
| 21151.1 Due To Success Enterprises, LLC | 678,304.11 |
| 21151.2 Due To WHI | 137,715.74 |
| 21151.4 Due to SUCCESS World Holdings LLC | 505,000.00 |
| Total 21151 INTERCOMPANY - DUE TO | \$ 1,321,019.85 |
| 21300 ACCRUED LIABILITIES | |
| 21320 Deferred Revenue | 246,500.00 |
| 21330 Accrued Expenses | 32,806.61 |

| | |
|--|-------------------------|
| 21340 Commissions Payable | 6,000.00 |
| Total 21300 ACCRUED LIABILITIES | \$ 285,306.61 |
| Total Other Current Liabilities | \$ 1,623,262.78 |
| Total Current Liabilities | \$ 1,623,262.78 |
| Total Liabilities | \$ 1,623,262.78 |
| Equity | |
| 31210 Investment From SWH | 2,079,087.00 |
| 31410 Retained Earnings | -2,292,306.71 |
| Net Income | -1,252,009.72 |
| Total Equity | -\$ 1,465,229.43 |
| TOTAL LIABILITIES AND EQUITY | \$ 158,033.35 |

Friday, Sep 29, 2023 07:51:02 AM GMT-7 - Accrual Basis

Success Franchising, LLC
Profit and Loss
August 31, 2023

| | Total |
|---|---------------------|
| Income | |
| 41500 Franchising Revenue | |
| 41507 Initial Franchise Fee | 2,375.00 |
| 41507.1 Technology Fee | 1,650.00 |
| Total 41500 Franchising Revenue | \$ 4,025.00 |
| Total Income | \$ 4,025.00 |
| Cost of Goods Sold | |
| 51000 Cost of Goods Sold | |
| 51118 COGS - Other | 1.04 |
| 51132 COGS - Software | 104.00 |
| 51135 COGS - Commissions & Revenue Share | 500.00 |
| Total 51000 Cost of Goods Sold | \$ 605.04 |
| Total Cost of Goods Sold | \$ 605.04 |
| Gross Profit | \$ 3,419.96 |
| Expenses | |
| 61000 COMPENSATION | |
| 61111 Salary and Wages - Direct | 57,955.59 |
| 61135 Bonus | 12,533.34 |
| 61151 Employee Benefits | 7,097.95 |
| 61152 401(k) Employer Match | 2,250.60 |
| 61210 Payroll Tax Expenses | 17,876.62 |
| Total 61000 COMPENSATION | \$ 97,714.10 |
| 61500 OFFICE | |
| 61600 State Annual Report Fees | 115.00 |
| 61610 Office Supplies & Software | 40.58 |
| 61650 Credit Card Fees | 7.50 |
| 61670 Dues and Subscriptions | 208.33 |
| 91720 Miscellaneous Office Expense | 125.87 |
| Total 61500 OFFICE | \$ 497.28 |
| 62000 COMPUTER & SOFTWARE | |
| 62061 Software Subscriptions | 2,166.24 |
| 62062 CRM Mgmt Subscription | 1,000.00 |
| 62072 Accounting Software | 257.19 |
| Total 62000 COMPUTER & SOFTWARE | \$ 3,423.43 |
| 62500 UTILITIES | |
| 62590 Internet Service | 240.00 |
| Total 62500 UTILITIES | \$ 240.00 |
| 63000 TRAVEL & ENTERTAINMENT | |
| 63560 Airfare | 337.80 |
| 63580 Ground Transportation | 3.20 |
| 63610 Meals | 113.62 |
| Total 63000 TRAVEL & ENTERTAINMENT | \$ 454.62 |

| | |
|---|-----------------------|
| 64000 ADVERTISING & MARKETING | |
| 64065 Internet Advertising Other | 6,603.61 |
| 64070 Promotional Materials | 858.22 |
| Total 64000 ADVERTISING & MARKETING | \$ 7,461.83 |
| 64100 PROFESSIONAL FEES | |
| 64111 Accounting | -55,477.80 |
| 64112 Audit and Tax | 58,744.47 |
| 64141 NON - ADV Intellectual Property | 467.00 |
| 64146 NON - ADV Corporate Regulatory & Compliance | 3,340.00 |
| 64220 Consulting Fees | 30,434.00 |
| Total 64100 PROFESSIONAL FEES | \$ 37,507.67 |
| 64500 STOCK | |
| 64510 Stock Option - Employee - ISO | 870.22 |
| 64511 Stock Option - Employee - NQ | 17,090.72 |
| Total 64500 STOCK | \$ 17,960.94 |
| Total Expenses | \$ 165,259.87 |
| Net Operating Income | -\$ 161,839.91 |
| Net Income | -\$ 161,839.91 |

Friday, Sep 29, 2023 07:51:10 AM GMT-7 - Accrual Basis

SUCCESS FRANCHISING, LLC
(A Limited Liability Company)
FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2022 AND
PERIOD FROM JANUARY 12, 2021 (INCEPTION)
THROUGH DECEMBER 31, 2021

SUCCESS FRANCHISING, LLC
(A Limited Liability Company)
FOR THE YEAR ENDED DECEMBER 31, 2022 AND FOR
THE PERIOD FROM JANUARY 12, 2021 (INCEPTION)
THROUGH DECEMBER 31, 2021

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Citrin Cooperman & Company, LLP
Certified Public Accountants

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INDEPENDENT AUDITOR'S REPORT

To the Member
Success Franchising, LLC

Opinion

We have audited the accompanying financial statements of Success Franchising, LLC (a limited liability company), which comprise the balance sheets as of December 31, 2022 and 2021, and the related statements of operations and member's deficit, and cash flows for the year ended December 31, 2022 and for the period from January 12, 2021 (inception) through December 31, 2021, 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 Success Franchising, LLC as of December 31, 2022 and 2021, and the results of its operations and its cash flows for the year ended December 31, 2022 and for the period from January 12, 2021 (inception) through December 31, 2021, 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 Success Franchising, LLC and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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

"Citrin Cooperman" is the brand under which Citrin Cooperman & Company, LLP, a licensed independent CPA firm, and Citrin Cooperman Advisors LLC serve clients' business needs. The two firms operate as separate legal entities in an alternative practice structure. Citrin Cooperman is an independent member of Moore North America, which is itself a regional member of Moore Global Network Limited (MGNL).

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 Success Franchising, LLC's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Success Franchising, LLC's ability to continue as a going concern for a reasonable period of time.

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



CERTIFIED PUBLIC ACCOUNTANTS

Melville, New York
April 18, 2023

"Citrin Cooperman" is the brand under which Citrin Cooperman & Company, LLP, a licensed independent CPA firm, and Citrin Cooperman Advisors LLC serve clients' business needs. The two firms operate as separate legal entities in an alternative practice structure. Citrin Cooperman is an independent member of Moore North America, which is itself a regional member of Moore Global Network Limited (MGNL).

SUCCESS FRANCHISING, LLC
(A Limited Liability Company)
BALANCE SHEETS
DECEMBER 31, 2022 AND 2021

| | <u>2022</u> | <u>2021</u> |
|--|--------------------------|-------------------------|
| <u>ASSETS</u> | | |
| Current assets: | | |
| Cash | \$ 5,434 | \$ 19,248 |
| Accounts receivable | 60,000 | - |
| Prepaid expenses and other current assets | 29,303 | - |
| Deferred charges - current | <u>7,200</u> | <u>1,200</u> |
| Total current assets | 101,937 | 20,448 |
| Other asset: | | |
| Deferred charges, net of current | <u>59,450</u> | <u>10,700</u> |
| TOTAL ASSETS | <u>\$ 161,387</u> | <u>\$ 31,148</u> |
| <u>LIABILITIES AND MEMBER'S DEFICIT</u> | | |
| Current liabilities: | | |
| Accounts payable and accrued expenses | \$ 60,918 | \$ 30,427 |
| Deferred revenue - current | 34,500 | 6,000 |
| Due to related party | <u>-</u> | <u>460,303</u> |
| Total current liabilities | 95,418 | 496,730 |
| Long-term liability: | | |
| Deferred revenue, net of current | <u>285,000</u> | <u>53,500</u> |
| Total liabilities | 380,418 | 550,230 |
| Commitments and contingencies (Notes 4 and 6) | | |
| Member's deficit | <u>(219,031)</u> | <u>(519,082)</u> |
| TOTAL LIABILITIES AND MEMBER'S DEFICIT | <u>\$ 161,387</u> | <u>\$ 31,148</u> |

See accompanying notes to financial statements.

SUCCESS FRANCHISING, LLC
(A Limited Liability Company)
STATEMENTS OF OPERATIONS AND MEMBER'S DEFICIT
FOR THE YEAR ENDED DECEMBER 31, 2022 AND FOR THE
PERIOD FROM JANUARY 12, 2021 (INCEPTION)
THROUGH DECEMBER 31, 2021

| | <u>2022</u> | <u>2021</u> |
|--|----------------------------|----------------------------|
| Revenues: | | |
| Franchise fees | \$ 24,500 | \$ 500 |
| Selling, general and administrative expenses | <u>1,538,536</u> | <u>784,582</u> |
| Net loss | (1,514,036) | (784,082) |
| Member's deficit - beginning | (519,082) | - |
| Member contributions | 1,814,087 | 315,000 |
| Member distributions | <u>-</u> | <u>(50,000)</u> |
| MEMBER'S DEFICIT - ENDING | <u>\$ (219,031)</u> | <u>\$ (519,082)</u> |

See accompanying notes to financial statements.

SUCCESS FRANCHISING, LLC
(A Limited Liability Company)
STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2022 AND FOR THE
PERIOD FROM JANUARY 12, 2021 (INCEPTION)
THROUGH DECEMBER 31, 2021

| | <u>2022</u> | <u>2021</u> |
|---|------------------------|-------------------------|
| Cash flows from operating activities: | | |
| Net loss | \$ (1,514,036) | \$ (784,082) |
| Adjustments to reconcile net loss to net cash used in operating activities: | | |
| Changes in operating assets and liabilities: | | |
| Accounts receivable | (60,000) | - |
| Prepaid expenses | (29,303) | - |
| Deferred charges | (54,750) | (11,900) |
| Accounts payable and accrued expenses | 30,491 | 30,427 |
| Deferred revenues | 260,000 | 59,500 |
| Due to related parties | <u>(460,303)</u> | <u>460,303</u> |
| Net cash used in operating activities | <u>(1,827,901)</u> | <u>(245,752)</u> |
| Cash flows from financing activities: | | |
| Member contributions | 1,814,087 | 315,000 |
| Member distributions | <u>-</u> | <u>(50,000)</u> |
| Net cash provided by financing activities | <u>1,814,087</u> | <u>265,000</u> |
| Net increase (decrease) in cash | (13,814) | 19,248 |
| Cash - beginning | <u>19,248</u> | <u>-</u> |
| CASH - ENDING | \$ <u>5,434</u> | \$ <u>19,248</u> |

See accompanying notes to financial statements.

SUCCESS FRANCHISING, LLC
(A Limited Liability Company)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE 1. ORGANIZATION AND NATURE OF OPERATIONS

Success Franchising, LLC (the "Company"), a wholly-owned subsidiary of Success World Holdings, LLC (the "Member"), was formed on January 12, 2021, as a Delaware limited liability company to sell franchises pursuant to a non-exclusive license agreement executed in April 2021, between the Company and Success Enterprises, LLC (the "Licensor"), an entity related to the Company by common ownership and control. Pursuant to the Company's standard franchise agreement, franchisees will operate a business under the "Success Space" name and system that offers entrepreneurs and corporate workers flexible rental options combined with access to onsite professional business coaching, virtual communication technology, a limited-service café and other various amenities.

The Member is not liable for the debts, obligations or other liabilities of the Company, whether arising in contract, tort or otherwise, to the extent of the Company's assets unless the Member has signed a specific guarantee.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP").

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts in the financial statements and accompanying disclosures. These estimates may be adjusted due to changes in future economic, industry or other financial conditions. Estimates are used in accounting for, among other items, revenue recognition and uncertain income tax positions. Actual results could ultimately differ from these estimates.

Accounts Receivable

Accounts receivable are stated at the amount the Company expects to collect. The Company maintains allowances for doubtful accounts for estimated losses resulting from the inability of some of its franchisees to make required payments. Management considers the following factors when determining the collectibility of specific franchisee accounts: franchisee creditworthiness, past transaction history with the franchisee, and current economic industry trends. If the financial conditions of the Company's franchisees were to deteriorate, adversely affecting their ability to make payments, additional allowances would be required. Based on management's assessment, the Company provides for estimated uncollectible amounts through a charge to earnings and a credit to a valuation allowance. Balances that remain outstanding after the Company has made reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. The Company had no allowances for doubtful accounts at December 31, 2022 and 2021. The accounts receivable balance at December 31, 2022 and 2021, amounted to \$60,000 and \$-, respectively.

SUCCESS FRANCHISING, LLC
(A Limited Liability Company)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Concentration of Credit Risk

Cash

The Company places its cash, which may at times be in excess of Federal Deposit Insurance Corporation insurance limits, with a major financial institution. Management believes that this policy will limit the Company's exposure to credit risk.

Accounts receivable

Concentration of credit risk with respect to receivables is limited due to the number of franchisees in the Company's customer base and their geographic dispersion. The Company provides an allowance for doubtful accounts equal to the estimated collection losses based on historical experience coupled with a review of the current status of existing receivables.

Revenues and Cost Recognition

The Company derives substantially all of its revenue from franchise agreements related to franchise revenue, advertising fund revenue, royalties and transfer fees.

Franchise Fees and Royalties

Contract consideration from franchisees consists primarily of initial or renewal franchise fees, multi-unit agreement fees ("MUAs"), sales-based royalties, sales-based marketing fund fees and transfer fees payable by a franchisee for the transfer of its franchise unit to another franchisee. The Company enters into MUAs which grant a franchisee the right to develop two or more franchise territories. The Company collects an up-front fee for the grant of such rights. The initial franchise fees and up-front multi-unit fees are nonrefundable and collectable when the underlying franchise agreement or MUA is signed by the franchisee. Sales-based royalties and marketing fund fees are payable on a weekly basis. Renewal and transfer fees are due from franchisees when an existing franchisee renews the franchise agreement for an additional term or when a transfer to a third party occurs, respectively.

The Company's primary performance obligation under the franchise agreement mainly includes granting certain rights to access the Company's intellectual property and a variety of activities relating to opening a franchise unit, including initial training and other such activities commonly referred to collectively as "pre-opening activities." Pre-opening activities consistent with those under Accounting Standards Update ("ASU") No. 2021-02, *Franchisors—Revenue from Contracts with Customers (Subtopic 952-606)* ("ASU 2021-02"), are recognized as a single performance obligation. For all other pre-opening activities, if any, the Company will determine if a certain portion of those pre-opening activities provided to the franchisee is not brand specific and provides the franchisee with relevant general business information that is separate and distinct from the operation of a company-branded franchise unit. The portion of pre-opening activities if any, that is not brand specific will be deemed to be distinct as it provides a benefit to the franchisee and is not highly interrelated or interdependent to the access of the Company's intellectual property, and therefore is accounted for as a separate distinct performance obligation. All other pre-opening activities that are highly interrelated and interdependent to the access of the Company's intellectual property and therefore accounted for as a single performance obligation, which is satisfied by granting certain

SUCCESS FRANCHISING, LLC
(A Limited Liability Company)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenues and Cost Recognition (Continued)

Franchise Fees and Royalties (Continued)

rights to access the Company's intellectual property over the term of each franchise agreement.

The Company estimates the stand-alone selling price of pre-opening activities using an adjusted market assessment approach. The Company first allocates the initial franchise fees and the fixed consideration under the franchise agreement to the stand-alone selling price of the pre-opening activities and the residual, if any, to the right to access the Company's intellectual property. Consideration allocated to pre-opening activities is recognized ratably as those services are rendered.

Initial and renewal franchise fees allocated to the right to access the Company's intellectual property is recognized as revenue on a straight-line basis over the term of the respective franchise agreement. MUAs generally consist of an obligation to grant the right to open two or more territories. These development rights are not distinct from franchise agreements; therefore, up-front fees paid by franchisees for development rights is deferred and apportioned to each franchise agreement signed by the franchisee. The pro-rata amount apportioned to each franchise agreement is recognized as revenue in the same manner as the initial and renewal franchise fees. Initial and renewal franchise fees related to the MUAs are recorded as contract liabilities at their contract transaction price.

Royalties are earned based on a percentage of a franchisee's gross revenues. Franchise royalties represent sales-based royalties that are related entirely to the use of the Company's intellectual property and are recognized as franchisee sales occur and the royalty is deemed collectible.

Brand Fund

The Company maintains a brand fund established to collect and administer funds contributed for use in advertising and promotional programs for franchise units. Brand fund fees are collected from franchisees based on a percentage of franchisee gross sales. The Company has determined that it acts as a principal in the collection and administration of the brand fund and therefore recognizes the revenues and expenses related to the brand fund on a gross basis. The Company has determined that the right to access its intellectual property and administration of the brand fund are highly interrelated and therefore are accounted for as a single performance obligation. As a result, revenues from the brand fund represent sales-based royalties related to the right to access the Company's intellectual property, which are recognized as franchisee sales occur. When brand fund fees exceed the related brand fund expenses in a reporting period, advertising costs are accrued up to the amount of brand fund revenues recognized.

Other Revenues

The Company recognizes revenues from other fees and other services provided to the franchisees as a single performance obligation when the services are rendered.

SUCCESS FRANCHISING, LLC
(A Limited Liability Company)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenues and Cost Recognition (Continued)

Incremental Costs of Obtaining a Contract

The Company capitalizes direct and incremental costs, principally consisting of commissions, associated with the sale of franchises and amortizes them over the term of the franchise agreement. In the case of costs paid related to MUAs for which no signed franchise agreement has been received, these costs are deferred until the signed franchise agreement is received.

Income Taxes

The Company is a single-member limited liability company and is therefore considered a disregarded entity for income tax purposes. Accordingly, no provision has been made for income taxes in the accompanying financial statements, since all items of income or loss are required to be reported on the income tax returns of the member, who is responsible for any taxes thereon.

The Company recognizes and measures its unrecognized tax benefits in accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 740, *Income Taxes*. Under that guidance, management assesses the likelihood that tax positions will be sustained upon examination based on the facts, circumstances and information, including the technical merits of those positions, available at the end of each period. The measurement of unrecognized tax benefits is adjusted when new information is available or when an event occurs that requires a change. There were no uncertain tax positions at December 31, 2022 and 2021.

Advertising

Advertising costs are expensed as incurred and amounted to \$156,006 and \$58,722 for the year ended December 31, 2022, and the period from January 12, 2021 (inception) through December 31, 2021, respectively.

Recently Issued but not yet Effective Accounting Pronouncements

In June 2016, FASB issued ASU No. 2016-13, *Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments* ("ASU 2016-13"), and subsequent amendment to the initial guidance: ASU No. 2018-19, *Codification Improvements to Topic 326, Financial Instruments - Credit Losses* (collectively, "Topic 326"). Topic 326 introduces a new forward-looking approach, based on expected losses, to estimate credit losses on certain types of financial instruments, including trade receivables. The estimate of expected credit losses will require entities to incorporate considerations of historical information, current information, and reasonable and supportable forecasts and will generally result in earlier recognition of allowances for losses. For non-public companies, Topic 326 will be effective for annual and interim reporting periods beginning after December 15, 2022. The guidance is to be applied using the modified retrospective approach. The Company is in the process of assessing the impact of Topic 326 on its financial statements.

SUCCESS FRANCHISING, LLC
(A Limited Liability Company)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Subsequent Events

The Company has evaluated subsequent events through April 18, 2023, the date on which these financial statements were available to be issued. Except as disclosed in Note 8, there were no material subsequent events that required recognition or additional disclosure in these financial statements.

NOTE 3. FRANCHISED OUTLETS

The following data reflects the status of the Company's franchised outlets as of and for the year ended December 31:

| | <u>2022</u> | <u>2021</u> |
|---------------------------------------|-------------|-------------|
| Franchises sold | 10 | 4 |
| Franchises purchased | - | - |
| Franchised outlets in operation | - | - |
| Franchisor-owned outlets in operation | - | - |

NOTE 4. LIQUIDITY AND BUSINESS RISKS

The Company has sustained negative cash flows from operations and, as a result, has a member's deficit of \$219,031 as of December 31, 2022. Since inception, the Company's operations have been funded through a combination of contributions from the Member and proceeds from a related party, affiliated by common control and ownership. The Company is growing and, as such, is incurring expenditures in the near term to benefit the future as it looks to grow the franchisee base and expand into new markets. Such expenses could be reduced or eliminated in order to improve operating cash flows as needed.

As of the date these financial statements were available to be issued, the Company continues to focus on selling franchises and revenues are expected to increase. The Member has the intent and ability to continue funding the Company's operations, if necessary, should its cash flows from operations combined with its cash balances not be sufficient to meet its working capital needs. The Company believes that this will enable it to meet its funding requirements for one year from the date these financial statements were available to be issued.

NOTE 5. REVENUES AND RELATED CONTRACT BALANCES

Disaggregated Revenues

The Company derives its revenues from franchisees located throughout the United States. The economic risks of the Company's revenues are dependent on the strength of the economy in the United States, and its ability to collect on its contracts. The Company disaggregates revenue from contracts with customers by timing of revenue recognition by type of revenues, as it believes this best depicts how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors. Initial franchise fees are recognized over time, while royalties, brand fund fees, other franchise related fees are recognized at a point in time.

SUCCESS FRANCHISING, LLC
(A Limited Liability Company)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE 5. REVENUES AND RELATED CONTRACT BALANCES (CONTINUED)

Contract Balances

Contract liabilities are comprised of unamortized initial franchise fees received from franchisees, which are presented as "Deferred revenue" in the accompanying balance sheets. A summary of significant changes in deferred revenues is as follows:

| | <u>2022</u> | <u>2021</u> |
|---|-------------------|------------------|
| Deferred revenues - beginning of period | \$ 59,500 | \$ - |
| Revenue recognized during the period | (24,500) | (500) |
| Additions for initial franchise fees received | <u>284,500</u> | <u>60,000</u> |
| Deferred revenues - end of period | <u>\$ 319,500</u> | <u>\$ 59,500</u> |

At December 31, 2022, revenues expected to be recognized over the remaining term of the associated franchise agreements are as follows:

| <u>Year ending December 31:</u> | <u>Amount</u> |
|---------------------------------|-------------------|
| 2023 | \$ 34,500 |
| 2024 | 34,500 |
| 2025 | 34,500 |
| 2026 | 34,500 |
| 2027 | 34,500 |
| Thereafter | <u>147,000</u> |
| Total | <u>\$ 319,500</u> |

Deferred revenues consisted of the following:

| | <u>2022</u> | <u>2021</u> |
|--------------------------------|-------------------|------------------|
| Franchise units not yet opened | \$ 319,500 | \$ 59,500 |
| Opened franchise units | <u>-</u> | <u>-</u> |
| Total | <u>\$ 319,500</u> | <u>\$ 59,500</u> |

The direct and incremental costs, principally consisting of commissions, are included in "Deferred charges" in the accompanying balance sheets, and expected to be recognized over the remaining term of the associated franchise agreements at December 31, 2022, is as follows:

| <u>Year ending December 31:</u> | <u>Amount</u> |
|---------------------------------|------------------|
| 2023 | \$ 7,200 |
| 2024 | 7,200 |
| 2025 | 7,200 |
| 2026 | 7,200 |
| 2027 | 7,200 |
| Thereafter | <u>30,650</u> |
| Total | <u>\$ 66,650</u> |

SUCCESS FRANCHISING, LLC
(A Limited Liability Company)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE 6. RELATED-PARTY TRANSACTIONS

License Agreement

In April 2021, the Company entered into a non-exclusive license agreement with the Licensor for the use of the registered name "Success Space" (the "license agreement"). Pursuant to the license agreement, the Company acquired the right to operate Success Space franchises, and the right to earn franchise fees, royalties and other fees from franchisees. The Licensor will not license the trademarks and/or confidential information to any third parties for the purpose of operating a competing franchise system. In accordance with the license agreement, the Company will not be required to pay the Licensor a license fee.

Due to Related Party

In the ordinary course of business, the Company periodically advances funds to and receives funds from Success Enterprises, LLC (the "related party"), an entity related to the Company by common ownership and control. No interest is charged on these advances and such advances to and from the related party are unsecured and have no specific repayment terms. As of December 31, 2022, there were no outstanding advances due to the related party. At December 31, 2021, outstanding advances due to the related party amounted to \$460,303. During 2022, the Company engaged the related party to provide coaching certifications to its franchisees and had prepaid \$25,000 in connection with this service, the balance of which is included in "Prepaid expenses and other current assets" in the accompanying balance sheet at December 31, 2022.

NOTE 7. BRAND DEVELOPMENT FUND

Brand Fund

Pursuant to the structured form of the franchising arrangement, the Company reserves the right to collect brand fund fees of up to 1% of franchisees' reported sales. These funds are to be spent solely on advertising and related expenses for the benefit of the franchisees with a portion designated to offset the Company's administrative costs to administer the funds, all at the discretion of the Company. As of December 31, 2022, the brand fund was not established.

Cooperative Advertising Fund

The Company reserves the right to establish a cooperative advertising fee ("Cooperative") for a region in which two or more facilities are located and will collect up to 1% of its franchisees' gross revenues. Any contributions to a Cooperative will be credited towards a franchisee's local marketing commitment. As of December 31, 2022, the Cooperative was not established.

SUCCESS FRANCHISING, LLC
(A Limited Liability Company)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE 8. RISKS AND UNCERTAINTIES

Recent Events Relating to the Disruption in the U.S. Banking System

In March 2023, the shut-down of certain financial institutions raised economic concerns over disruption in the U.S. banking system. The U.S. government took certain actions to strengthen public confidence in the U.S. banking system. However, there can be no certainty that the actions taken by the U.S. government will be effective in mitigating the effects of financial institution failures on the economy, which may limit the Company and its member access to short-term liquidity in the near term or other adverse effects. The Company does not maintain cash balances that exceed federally insured limits as of December 31, 2022, and the date these financial statements are available to be issued. The Company has a certain concentration in accounts receivable however the risk of loss, if the counterparty is unable to perform as a result of future disruptions in the U.S. banking system or economy, would not have a material impact on the Company's financial statements or operations. Given the uncertainty of the situation, the related financial impact cannot be reasonably estimated at this time.

SUCCESS FRANCHISING, LLC
(A Limited Liability Company)
FINANCIAL STATEMENTS
PERIOD FROM JANUARY 12, 2021 (INCEPTION)
THROUGH DECEMBER 31, 2021

SUCCESS FRANCHISING, LLC
(A Limited Liability Company)
FOR THE PERIOD FROM JANUARY 12, 2021 (INCEPTION)
THROUGH DECEMBER 31, 2021

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Citrin Cooperman & Company, LLP
Certified Public Accountants

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INDEPENDENT AUDITOR'S REPORT

To the Member
Success Franchising, LLC

Opinion

We have audited the accompanying financial statements of Success Franchising, LLC (a limited liability company), which comprise the balance sheet as of December 31, 2021, and the related statements of operations and member's deficit and cash flows for the period from January 12, 2021 (inception) through December 31, 2021, 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 Success Franchising, LLC as of December 31, 2021, and the results of its operations and its cash flows for the period from January 12, 2021 (inception) through December 31, 2021, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

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

"Citrin Cooperman" is the brand under which Citrin Cooperman & Company, LLP, a licensed independent CPA firm, and Citrin Cooperman Advisors LLC serve clients' business needs. The two firms operate as separate legal entities in an alternative practice structure. Citrin Cooperman is an independent member of Moore North America, which is itself a regional member of Moore Global Network Limited (MGNI).

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 Success Franchising, LLC's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Success Franchising, LLC's ability to continue as a going concern for a reasonable period of time.

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



CERTIFIED PUBLIC ACCOUNTANTS

Melville, New York
April 15, 2022

"Citrin Cooperman" is the brand under which Citrin Cooperman & Company, LLP, a licensed independent CPA firm, and Citrin Cooperman Advisors LLC serve clients' business needs. The two firms operate as separate legal entities in an alternative practice structure. Citrin Cooperman is an independent member of Moore North America, which is itself a regional member of Moore Global Network Limited (MGNL).

SUCCESS FRANCHISING, LLC
(A Limited Liability Company)
BALANCE SHEET
DECEMBER 31, 2021

ASSETS

| | |
|----------------------------------|-------------------------|
| Current assets: | |
| Cash | \$ 19,248 |
| Deferred charges - current | <u>1,200</u> |
| Total current assets | 20,448 |
| Other asset: | |
| Deferred charges, net of current | <u>10,700</u> |
| TOTAL ASSETS | <u>\$ 31,148</u> |

LIABILITIES AND MEMBER'S DEFICIT

| | |
|---|-------------------------|
| Current liabilities: | |
| Accounts payable and accrued expenses | \$ 30,427 |
| Deferred revenue - current | 6,000 |
| Due to related party | <u>460,303</u> |
| Total current liabilities | 496,730 |
| Long-term liability: | |
| Deferred revenue - net of current | <u>53,500</u> |
| Total liabilities | 550,230 |
| Commitments and contingencies (Note 3) | |
| Member's deficit | <u>(519,082)</u> |
| TOTAL LIABILITIES AND MEMBER'S DEFICIT | <u>\$ 31,148</u> |

See accompanying notes to financial statements.

SUCCESS FRANCHISING, LLC
(A Limited Liability Company)
STATEMENT OF OPERATIONS AND MEMBER'S DEFICIT
FOR THE PERIOD FROM JANUARY 12, 2021 (INCEPTION)
THROUGH DECEMBER 31, 2021

| | |
|--|----------------------------|
| Revenues: | |
| Franchise fees | \$ 500 |
| Selling, general and administrative expenses | <u>784,582</u> |
| Net loss | (784,082) |
| Member's equity - beginning | - |
| Member contributions | 315,000 |
| Member distributions | <u>(50,000)</u> |
| MEMBER'S DEFICIT - ENDING | \$ <u>(519,082)</u> |

See accompanying notes to financial statements.

SUCCESS FRANCHISING, LLC
(A Limited Liability Company)
STATEMENT OF CASH FLOWS
FOR THE PERIOD FROM JANUARY 12, 2021 (INCEPTION)
THROUGH DECEMBER 31, 2021

| | |
|---|-------------------------|
| Cash flows from operating activities: | |
| Net loss | \$ (784,082) |
| Adjustments to reconcile net loss to net cash used in operating activities: | |
| Changes in operating assets and liabilities: | |
| Deferred charges | (11,900) |
| Accounts payable and accrued expenses | 30,427 |
| Deferred revenues | 59,500 |
| Due to related parties | <u>460,303</u> |
| Net cash used in operating activities | <u>(245,752)</u> |
| Cash flows from financing activities: | |
| Member contributions | 315,000 |
| Member distributions | <u>(50,000)</u> |
| Net cash provided by financing activities | <u>265,000</u> |
| Net increase in cash | 19,248 |
| Cash - beginning | <u>-</u> |
| CASH - ENDING | <u>\$ 19,248</u> |

See accompanying notes to financial statements.

SUCCESS FRANCHISING, LLC
(A Limited Liability Company)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 1. ORGANIZATION AND NATURE OF OPERATIONS

Success Franchising, LLC (the "Company"), a wholly-owned subsidiary of Success World Holdings, LLC (the "Member"), was formed on January 12, 2021, as a Delaware limited liability company to sell franchises pursuant to a non-exclusive license agreement executed in April 2021, between the Company and Success Enterprises, LLC (the "Licensor"), an entity related to the Company by common ownership and control. Pursuant to the Company's standard franchise agreement, franchisees will operate a business under the "Success Space" name and system that offers entrepreneurs and corporate workers flexible rental options combined with access to onsite professional business coaching, virtual communication technology, a limited-service cafe and other various amenities.

The Member is not liable for the debts, obligations or other liabilities of the Company, whether arising in contract, tort or otherwise, to the extent of the Company's assets unless the Member has signed a specific guarantee.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP").

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts in the financial statements and accompanying disclosures. These estimates may be adjusted due to changes in future economic, industry or other financial conditions. Estimates are used in accounting for, among other items, revenue recognition and uncertain income tax positions. Actual results could ultimately differ from these estimates.

Concentration of Credit Risk

The Company places its cash, which may at times be in excess of Federal Deposit Insurance Corporation insurance limits, with a major financial institution. Management believes that this policy will limit the Company's exposure to credit risk.

Revenues and Cost Recognition

The Company recognizes revenue under Accounting Standards Codification ("ASC") Topic 606, *Revenue from Contracts with Customers*. The Company derives substantially all of its revenue from franchise agreements related to franchise revenue, advertising fund revenue, royalties and transfer fees.

Franchise Fees and Royalties

Contract consideration from franchisees consists primarily of initial or renewal franchise fees, multi-unit agreement fees ("MUAs"), sales-based royalties, sales-based marketing fund fees and transfer fees payable by a franchisee for the transfer of their franchise unit to another franchisee. The Company enters into MUAs which grant a franchisee the right to develop two or more franchise territories. The Company collects an up-front fee for the grant of such rights. The initial franchise fees and up-front multi-unit fees are nonrefundable and collectable when the underlying franchise agreement or MUA is

SUCCESS FRANCHISING, LLC
(A Limited Liability Company)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenues and Cost Recognition (Continued)

Franchise Fees and Royalties (Continued)

signed by the franchisee. Sales-based royalties and marketing fund fees are payable on a weekly basis. Renewal and transfer fees are due from franchisees when an existing franchisee renews the franchise agreement for an additional term or when a transfer to a third party occurs, respectively.

The Company's primary performance obligation under the franchise agreement mainly includes granting certain rights to access the Company's intellectual property and a variety of activities relating to opening a franchise unit, including initial training and other such activities commonly referred to collectively as "pre-opening activities." Pre-opening activities consistent with those under Accounting Standards Update ("ASU") No. 2021-02, *Franchisors—Revenue from Contracts with Customers (Subtopic 952-606)* ("ASU 2021-02"), are recognized as a single performance obligation. For all other pre-opening activities, if any, the Company will determine if a certain portion of those pre-opening activities provided to the franchisee is not brand specific and provides the franchisee with relevant general business information that is separate and distinct from the operation of a company-branded franchise unit. The portion of pre-opening activities if any, that is not brand specific will be deemed to be distinct as it provides a benefit to the franchisee and is not highly interrelated or interdependent to the access of the Company's intellectual property, and therefore is accounted for as a separate distinct performance obligation. All other pre-opening activities that are highly interrelated and interdependent to the access of the Company's intellectual property and therefore accounted for as a single performance obligation, which is satisfied by granting certain rights to access the Company's intellectual property over the term of each franchise agreement.

The Company estimates the stand-alone selling price of pre-opening activities using an adjusted market assessment approach. The Company first allocates the initial franchise fees and the fixed consideration under the franchise agreement to the stand-alone selling price of the pre-opening activities and the residual, if any, to the right to access the Company's intellectual property. Consideration allocated to pre-opening activities, other than those included under ASU No. 2021-02, which are not brand specific is recognized ratably as those services are rendered. Consideration allocated to pre-opening activities included under ASU No. 2021-02 is recognized when those performance obligations are satisfied.

Initial and renewal franchise fees allocated to the right to access the Company's intellectual property is recognized as revenue on a straight-line basis over the term of the respective franchise agreement. MUAs generally consist of an obligation to grant the right to open two or more territories. These development rights are not distinct from franchise agreements; therefore, up-front fees paid by franchisees for development rights is deferred and apportioned to each franchise agreement signed by the franchisee. The pro-rata amount apportioned to each franchise agreement is recognized as revenue in the same manner as the initial and renewal franchise fees. Initial and renewal franchise fees related to the MUAs is recorded as contract liabilities at their contract transaction price.

SUCCESS FRANCHISING, LLC
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NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenues and Cost Recognition (Continued)

Franchise Fees and Royalties (Continued)

Royalties are earned based on a percentage of a franchisee's gross revenues. Franchise royalties represent sales-based royalties that are related entirely to the use of the Company's intellectual property and are recognized as franchisee sales occur and the royalty is deemed collectible.

Brand Fund

The Company maintains a brand fund established to collect and administer funds contributed for use in advertising and promotional programs for franchise units. Brand fund fees are collected from franchisees based on a percentage of franchisee gross sales. The Company has determined that it acts as a principal in the collection and administration of the brand fund and therefore recognizes the revenues and expenses related to the brand fund on a gross basis. The Company has determined that the right to access its intellectual property and administration of the brand fund are highly interrelated and therefore are accounted for as a single performance obligation. As a result, revenues from the brand fund represent sales-based royalties related to the right to access the Company's intellectual property, which are recognized as franchisee sales occur. When brand fund fees exceed the related brand fund expenses in a reporting period, advertising costs are accrued up to the amount of brand fund revenues recognized.

Other Revenues

The Company recognizes revenues from other fees and other services provided to the franchisees as a single performance obligation when the services are rendered.

Incremental Costs of Obtaining a Contract

The Company capitalizes direct and incremental costs, principally consisting of commissions, associated with the sale of franchises and amortizes them over the term of the franchise agreement.

Income Taxes

The Company is a single-member limited liability company and is therefore considered a disregarded entity for income tax purposes. Accordingly, no provision has been made for income taxes in the accompanying financial statements, since all items of income or loss are required to be reported on the income tax returns of the member, who is responsible for any taxes thereon.

The Company recognizes and measures its unrecognized tax benefits in accordance with Financial Accounting Standards Board ("FASB") ASC 740, *Income Taxes*. Under that guidance, management assesses the likelihood that tax positions will be sustained upon examination based on the facts, circumstances and information, including the technical merits of those positions, available at the end of each period. The measurement of unrecognized tax benefits is adjusted when new information is available or when an event occurs that requires a change. There were no uncertain tax positions at December 31, 2021.

SUCCESS FRANCHISING, LLC
(A Limited Liability Company)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Advertising

The Company expenses advertising costs as incurred. There was \$58,722 of advertising costs incurred for the period from January 12, 2021 (inception) through December 31, 2021.

Franchised Outlets

The following data represents the Company's franchised outlets as of December 31, 2021:

| | |
|---------------------------------------|---|
| Franchises sold | 4 |
| Franchises purchased | - |
| Franchised outlets in operation | - |
| Franchisor-owned outlets in operation | - |

Recently Issued but not yet Effective Accounting Pronouncements

In February 2016, FASB issued Accounting Standards Update ("ASU") No. 2016-02, *Leases* ("ASU 2016-02"), which among other items, requires an entity to recognize lease assets and lease liabilities in the Company's balance sheet and to disclose key information about leasing transactions. In June 2020, FASB issued ASU No. 2020-05, which defers the effective date for annual reporting periods beginning after December 15, 2021. The Company is evaluating the effect that ASU 2016-02 will have on its financial statements and related disclosures.

Subsequent Events

The Company has evaluated subsequent events through April 15, 2022, the date on which these financial statements were available to be issued. There were no material subsequent events that required recognition or disclosure in the financial statements.

NOTE 3. LIQUIDITY AND BUSINESS RISKS

The Company has sustained negative cash flows from operations and, as a result, has an accumulated deficit of approximately \$519,000 as of December 31, 2021. Since inception, the Company's operations have been funded through a combination of contributions from the Member and proceeds from a related party, affiliated by common control and ownership. The Company is growing and, as such, is incurring expenditures in the near term to benefit the future as it looks to grow the franchisee base and expand into new markets. Such expenses could be reduced or eliminated in order to improve operating cash flows as needed.

As of the date these financial statements were available to be issued, the Company continues to focus on selling franchises and revenues are expected to increase. The Member has the intent and ability to continue funding the Company's operations, if necessary, should its cash flows from operations combined with its cash balances not be sufficient to meet its working capital needs. The Company believes that this will enable it to meet its funding requirements for one year from the date these financial statements were available to be issued.

SUCCESS FRANCHISING, LLC
(A Limited Liability Company)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 4. REVENUES AND RELATED CONTRACT BALANCES

Disaggregated Revenues

The Company derives its revenues from franchisees located throughout the United States. The economic risks of the Company's revenues are dependent on the strength of the economy in the United States, and its ability to collect on its contracts. The Company disaggregates revenue from contracts with customers by timing of revenue recognition by type of revenues, as it believes this best depicts how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors. Initial franchise fees are recognized over time, while royalties, brand fund fees, other franchise related fees are recognized at a point in time.

Contract Balances

Contract liabilities are comprised of unamortized initial and renewal franchise fees received from franchisees, which are presented as "Deferred revenue - current" and "Deferred revenue - net of current" in the accompanying balance sheet.

A summary of significant changes in deferred revenues during the period from January 12, 2021 (inception) through December 31, 2021, is as follows:

| | <u>2021</u> |
|---|------------------|
| Deferred revenues - beginning of period | \$ - |
| Revenue recognized during the period | (500) |
| Additions for initial franchise fees received | <u>60,000</u> |
| Deferred revenues - end of period | <u>\$ 59,500</u> |

At December 31, 2021, deferred revenues are expected to be recognized as revenue over the remaining term of the associated franchise agreements as follows:

| <u>Year ending December 31:</u> | <u>Amount</u> |
|---------------------------------|------------------|
| 2022 | \$ 6,000 |
| 2023 | 6,000 |
| 2024 | 6,000 |
| 2025 | 6,000 |
| 2026 | 6,000 |
| Thereafter | <u>29,500</u> |
| Total | <u>\$ 59,500</u> |

Deferred franchise revenues consisted of the following at December 31, 2021:

| | <u>2021</u> |
|--------------------------------|------------------|
| Franchise units not yet opened | \$ 59,500 |
| Opened franchise units | <u>-</u> |
| Total | <u>\$ 59,500</u> |

SUCCESS FRANCHISING, LLC
(A Limited Liability Company)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 4. REVENUES AND RELATED CONTRACT BALANCES (CONTINUED)

Contract Balances (Continued)

The direct and incremental costs, principally consisting of commissions, are included in "Deferred charges" in the accompanying balance sheet, and expected to be recognized over the remaining term of the associated franchise agreements at December 31, 2021, is as follows:

| <u>Year ending December 31:</u> | <u>Amount</u> |
|---------------------------------|------------------|
| 2022 | \$ 1,200 |
| 2023 | 1,200 |
| 2024 | 1,200 |
| 2025 | 1,200 |
| 2026 | 1,200 |
| Thereafter | <u>5,900</u> |
| Total | <u>\$ 11,900</u> |

NOTE 5. RELATED-PARTY TRANSACTIONS

License Agreement

In April 2021, the Company entered into a non-exclusive license agreement with the Licensor for the use of the registered name "Success Space" (the "license agreement"). Pursuant to the license agreement, the Company acquired the right to operate "Success Space" franchises, and the right to earn franchise fees, royalties and other fees from franchisees. The Licensor will not license the trademarks and/or confidential information to any third parties for the purpose of operating a competing franchise system. In accordance with the license agreement, the Company will not be required to pay the Licensor a license fee.

Due to Related Party

In the ordinary course of business, the Company periodically advances funds to and receives funds from an entity related to the Company by common ownership and control. No interest is charged on these advances and such advances to and from these entities are unsecured and have no specific repayment terms. As of December 31, 2021, the Company expects the balance owed to related party in the amount of \$460,303 to be settled within one year from the date the financial statements were available to be issued.

NOTE 6. BRAND DEVELOPMENT FUND

Brand Fund

Pursuant to the structured form of the franchising arrangement, the Company reserves the right to collect brand fund fees of up to 1% of franchisees' reported sales. These funds are to be spent solely on advertising and related expenses for the benefit of the franchisees with a portion designated to offset the Company's administrative costs to administer the funds, all at the discretion of the Company. As of December 31, 2021, the brand fund was not established.

SUCCESS FRANCHISING, LLC
(A Limited Liability Company)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 6. BRAND DEVELOPMENT FUND (CONTINUED)

Cooperative Advertising Fund

The Company reserves the right to establish a cooperative advertising fee ("Cooperative") for a region in which two or more facilities are located and will collect up to 1% of its franchisees' gross revenues. Any contributions to a Cooperative will be credited towards a franchisee's local marketing commitment. As of December 31, 2021, the Cooperative was not established.

EXHIBIT "I"
TO DISCLOSURE DOCUMENT
OTHER AGREEMENTS

EXHIBIT "I"-1

STATE ADDENDA

[See Attached]

STATE ADDENDA AND AGREEMENT RIDERS
ADDENDUM TO FRANCHISE AGREEMENT, SUPPLEMENTAL AGREEMENTS,
AND FRANCHISE DISCLOSURE DOCUMENT FOR CERTAIN STATES FOR
SUCCESS FRANCHISING, LLC

BACKGROUND AND PURPOSE

The following modifications are made to the SUCCESS Space Franchise Disclosure Document (“FDD” or “Disclosure Document”) issued by Success Franchising, LLC (“we” or “us” or “franchisor”) to franchisee (“you” or “franchisee”) and may supersede, to the extent required by applicable state law, certain portions of the Franchise Agreement between you and us dated _____, 202__ (the “Franchise Agreement”). When the term “Supplemental Agreements” is used, it means any area development agreement, area representative agreement, master franchise agreement, or similar agreement entered into between us and you, if applicable.

Certain states have laws governing the franchise relationship and franchise documents. Certain states require modifications to the FDD, Franchise Agreement, Supplemental Agreements and other documents related to the sale of a franchise. This State-Specific Addendum (“State Addendum”) will modify these agreements to comply with the applicable state’s laws. The terms of this State Addendum will only apply if you meet the requirements of the applicable state independently of your signing of this State Addendum. The terms of this State Addendum (but only the State Addendum for the applicable State) will override any inconsistent provision of the FDD, Franchise Agreement or any Supplemental Documents. This State Addendum only applies to the following states: California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, and Wisconsin.

If your state requires these modifications, you will sign this State Addendum along with the Franchise Agreement and any Supplemental Agreements. If you sign this State Addendum, only the terms applicable to the state or states whose franchise laws apply to your transaction will govern. If you sign this State Addendum, but none of the state franchise laws listed above applies because their jurisdictional requirements have not been met, then this State Addendum will be void and inapplicable to you.

CALIFORNIA

1. The California Franchise Investment Law requires a copy of all proposed agreements relating to the sale of the Franchise be delivered together with the Disclosure Document.
2. Section 31125 of the California Corporations Code requires us to give you a disclosure document, in a form containing the information that the Commissioner may by rule or order require, before a solicitation of a proposed material modification of an existing franchise.
3. Neither the franchisor nor any person or franchise broker in Item 2 of the FDD is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. 78a et seq., suspending or expelling such persons from membership in such association or exchange.
4. The Franchise Agreement and Supplemental Agreements require binding arbitration. The arbitration will occur in Dallas, Texas with the costs being borne initially by the party filing for arbitration.
5. 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 or Supplemental Agreement restricting venue to a forum outside the State of California.
6. The Franchise Agreement and Supplemental Agreements require application of the laws of Texas. This provision may not be enforceable under California law.
7. The Franchise Agreement and Supplemental Agreements may provide for termination upon bankruptcy. Any such provision may not be enforceable under federal bankruptcy law (11 U.S.C.A. Sec. 101 et seq.).
8. The Franchise Agreement and Supplemental Agreements may contain a covenant not to compete which extends beyond the termination of the franchise. This provision may not be enforceable under California law.
9. Under California Civil Code Section 1671, certain liquidated damages clauses are unenforceable. Any such provisions contained in the Franchise Agreement or Supplemental Agreements may not be enforceable.
10. Item 6 is supplemented to state that the highest interest rate allowed by law in California is 10% annually.
11. California Business and Professions Code Sections 20000 through 20043 provide rights to you concerning termination, transfer, or non-renewal of a franchise. If the Franchise Agreement or Supplemental Agreements contain a provision that is inconsistent with the California Franchise Investment Law, the California Franchise Investment Law will control.
12. You must sign a general release of claims if you renew or transfer your Franchise. California Corporations Code Section 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code Sections 31000 through 31516). Business and Professions Code Section 20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code Sections 20000 through 20043).
13. OUR WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION & INNOVATION. ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION & INNOVATION AT <https://dfpi.ca.gov/>.
14. The Department has determined that we, the franchisor, have not demonstrated we are adequately capitalized and/or that we must rely on franchise fees to fund our operations. The Commissioner has imposed a fee deferral condition, which requires that we defer the collection of all initial fees from California franchisees until we have completed all of our pre-opening obligations and you are open for business. For California franchisees who sign a development agreement, the payment of the development

and initial fees attributable to a specific unit in your development schedule is deferred until that unit is open.

15. No disclaimer, questionnaire, clause, or statement signed by a franchisee in connection with the commencement of the franchise relationship shall be construed or interpreted as waiving any claim of fraud in the inducement, whether common law or statutory, or as disclaiming reliance on or the right to rely upon any statement made or information provided by any franchisor, broker or other person acting on behalf of the franchisor that was a material inducement to a franchisee's investment. This provision supersedes any other or inconsistent term of any document executed in connection with the franchise.

HAWAII

1. The following is added to the Cover Page:

THIS FRANCHISE WILL BE/HAS BEEN FILED UNDER THE FRANCHISE INVESTMENT LAW OF THE STATE OF HAWAII. FILING DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE DIRECTOR OF COMMERCE AND CONSUMER AFFAIRS OR A FINDING BY THE DIRECTOR OF COMMERCE AND CONSUMER AFFAIRS THAT THE INFORMATION PROVIDED IN THIS FRANCHISE DISCLOSURE DOCUMENT IS TRUE, COMPLETE AND NOT MISLEADING.

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

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

2. Our registered agent in the state authorized to receive service of process:

Commissioner of Securities of the State of Hawaii
Department of Commerce and Consumer Affairs
Business Registration Division
335 Merchant Street, Room 203
Honolulu, Hawaii 96813

3. The states in which this filing is effective are listed on the Exhibit to the FDD titled "State Effective Dates".
4. The states in which this filing is or will be shortly on file include the following: California, Hawaii, Illinois, Indiana, Maryland, Minnesota, North Dakota, Rhode Island, Virginia, Washington and Wisconsin.
5. The states, if any, which have refused, by order or otherwise, to register these franchises include the following: None.
6. The states, if any, which have revoked or suspended the right to offer these franchises include the following: None.
7. The states, if any, in which the filing of these franchises has been withdrawn include the following: None.

ILLINOIS

In recognition of the requirements of the Illinois Franchise Disclosure Act, 815 ILCS 705, the Disclosure Document and the Franchise Agreement and Supplemental Agreements are amended as follows:

1. Illinois law shall apply to and govern the Franchise Agreement and Supplemental Agreements.
2. In accordance with Section 4 of the Illinois Franchise Disclosure Act, any provision in the Franchise Agreement and Supplemental Agreements that designated jurisdiction and venue in a forum outside of the State of Illinois is void. However, the Franchise Agreement and Supplemental Agreements may provide for arbitration to take place outside of Illinois. Therefore, any arbitration proceeding may be brought in Dallas, Texas in accordance with the dispute resolution provision set forth in the Franchise Agreement and Supplemental Agreements.
3. Your rights upon Termination and Non-Renewal are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act.
4. 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.
5. The Franchise Agreement and Supplemental Agreements are amended to state the following:

To the extent that any provision in the Illinois State Addendum is inconsistent with any provision in this Agreement, the provision in the Illinois State Addendum shall control.
6. All fees referenced in the Franchise Agreement are subject to deferral pursuant to order of the Illinois Attorney General's Office. Accordingly, you will pay no fees to us until we have completed all of our material pre-opening responsibilities to you and you commence operating the franchised business. The Illinois Attorney General's Office imposed this deferral requirement due to franchisor's financial condition.

INDIANA

In recognition of the requirements of the Indiana Franchise Disclosure Law, IC 23-2-2-2.5, the Franchise Agreement and Supplemental Agreements are amended as follows:

1. The laws of the State of Indiana supersede any provisions of the Disclosure Document, Franchise Agreement and Supplemental Agreements if such provisions are in conflict with Indiana law.
2. The Franchise Agreement and Supplemental Agreements are amended to provide that such agreements will be construed in accordance with the laws of the State of Indiana.
3. Any provision in the Franchise Agreement which designates jurisdiction or venue, or requires the franchisee to agree to jurisdiction or venue, in a forum outside of Indiana, is deleted from any Franchise Agreement and Supplemental Agreement issued in the State of Indiana.
4. The prohibition by Indiana Code § 23-2-2.7-1(7) against unilateral termination of the franchise without good cause or in bad faith, good cause being defined therein as material breach of the Franchise Agreement or Supplemental Agreement (as applicable), shall supersede the provisions of the Franchise Agreement or Supplemental Agreement (as applicable) in the State of Indiana to the extent they may be inconsistent with such prohibition.
5. Liquidated damages and termination penalties are prohibited by law in the State of Indiana and, therefore, the Disclosure Document, the Franchise Agreement and Supplemental Agreements are amended by the deletion of all references to liquidated damages and termination penalties and the addition of the following language to the original language that appears therein:

Notwithstanding any such termination, and in addition to the obligations of the franchisee as otherwise provided, or in the event of termination or cancellation of the Franchise Agreement under any of the other provisions therein, the franchisee nevertheless shall be, continue and remain liable to franchisor for any and all damages which franchisor has sustained or may sustain by reason of such default or defaults and the breach of the Franchise Agreement on the part of the franchisee for the unexpired Term of the Franchise Agreement.

At the time of such termination of the Franchise Agreement, the franchisee covenants to pay to franchisor within 10 days after demand as compensation all damages, losses, costs and expenses (including reasonable attorney's fees) incurred by franchisor, and/or amounts which would otherwise be payable thereunder but for such termination for and during the remainder of the unexpired Term of the Franchise Agreement. This Agreement does not constitute a waiver of the franchisee's right to a trial on any of the above matters.

6. No release language set forth in the Disclosure Document or Franchise Agreement or Supplemental Agreement shall relieve franchisor or any other person, directly or indirectly, from liability imposed by the laws concerning franchising of the State of Indiana. Any provision in the Franchise Agreement or Supplemental Agreement that would require you to prospectively assent to a release, assignment, novation, waiver or estoppel which purports to relieve any person from liability imposed by the Indiana Deceptive Franchise Practices Law is void to the extent that such provision violates such law.

MARYLAND ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT

In recognition of the requirements of the Maryland Franchise Registration and Disclosure Law (the “Maryland Franchise Law”), the Disclosure Document is amended as follows:

1. Item 5 of the Disclosure Document is amended to add the following:

“Fee Deferral

Based upon the franchisor’s financial condition, the Maryland Securities Commissioner has required a financial assurance. Therefore, all initial fees and payments owed by franchisees shall be deferred until the franchisor completes its pre-opening obligations under the franchise agreement. In addition, all development fees and initial payments by area developers shall be deferred until the first franchise under the development agreement opens.”

2. Item 17 of the Disclosure Document is amended to add the following:
 - a. The general release required as a condition of renewal, sale and/or assignment/transfer shall not apply any liability under the Maryland Franchise Registration and Disclosure Law.
 - b. A franchisee may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.
 - c. Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.
 - d. In the event of a conflict of laws to the extent required by the Maryland Franchise Registration and Disclosure Law, Maryland law shall prevail.
 - e. The Franchise Agreement and Supplemental Agreements provide for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 U.S.C. Section 101, et seq.).
3. Any claims arising under the Maryland Franchise Law must be brought within three (3) years after the grant of the franchise.
4. Pursuant to COMAR 02.02.08.16L, the general release required as a condition of renewal, sale, and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Law.
5. You may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Law.
6. Any acknowledgements or representations by you that disclaim the occurrence and/or acknowledge the non-occurrence of acts that would constitute a violation of the Maryland Law are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Law.
7. Nothing in the Franchise Agreement, Supplemental Agreement or in any related agreement is intended to disclaim the representations made in the Franchise Disclosure Document.
8. 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.

MARYLAND ADDENDUM TO
FRANCHISE AGREEMENT

In recognition of the requirements of the Maryland Franchise Law, the Franchise Agreement is amended to add the following:

1. Any claims arising under the Maryland Franchise Law must be brought within three (3) years after the grant of the franchise.
2. Pursuant to COMAR 02.02.08.16L, the general release required as a condition of renewal, sale, and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Law.
3. You may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Law.
4. Any acknowledgements or representations by you that disclaim the occurrence and/or acknowledge the non-occurrence of acts that would constitute a violation of the Maryland Law are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Law.
5. Based upon the franchisor's financial condition, the Maryland Securities Commissioner has required a financial assurance. Therefore, all initial fees and payments owed by franchisees shall be deferred until the franchisor completes its pre-opening obligations under the franchise agreement.
6. Nothing in the Franchise Agreement or in any related agreement is intended to disclaim the representations made in the Franchise Disclosure Document.
7. No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.
8. Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Franchise Agreement.
9. Except as expressly modified by this Addendum, the Franchise Agreement remains unmodified and in full force and effect.

This Addendum is being entered into in connection with the Franchise Agreement. In the event of any conflict between this Addendum and the Franchise Agreement, the terms and conditions of this Addendum shall apply.

IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this Addendum concurrently with the execution of the Franchise Agreement.

SUCCESS FRANCHISING, LLC

[FRANCHISEE]

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

MARYLAND ADDENDUM TO
AREA DEVELOPMENT AGREEMENT

In recognition of the requirements of the Maryland Franchise Law, the Area Development Agreement is amended to add the following:

1. Any claims arising under the Maryland Franchise Law must be brought within three (3) years after the grant of the franchise.
2. Pursuant to COMAR 02.02.08.16L, the general release required as a condition of renewal, sale, and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Law.
3. You may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Law.
4. Any acknowledgements or representations by you that disclaim the occurrence and/or acknowledge the non-occurrence of acts that would constitute a violation of the Maryland Law are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Law.
5. Based upon the franchisor's financial condition, the Maryland Securities Commissioner has required a financial assurance. Therefore, all initial fees and payments owed by franchisees shall be deferred until the franchisor completes its pre-opening obligations under the franchise agreement. In addition, all development fees and initial payments by area developers shall be deferred until the first franchise under the development agreement opens.
6. Nothing in the Franchise Agreement or in any related agreement is intended to disclaim the representations made in the Franchise Disclosure Document.
7. No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.
8. Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Area Development Agreement.
9. Except as expressly modified by this Addendum, the Area Development Agreement remains unmodified and in full force and effect.

This Addendum is being entered into in connection with the Area Development Agreement. In the event of any conflict between this Addendum and the Area Development Agreement, the terms and conditions of this Addendum shall apply.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this Addendum concurrently with the execution of the Area Development Agreement.

SUCCESS FRANCHISING, LLC

[FRANCHISEE]

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

MICHIGAN

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

Each of the following provisions is void and unenforceable if contained in any document relating to a franchise:

- (a) A prohibition on the right of a franchisee to join an association of franchisees.
- (b) A requirement that a franchisee assent to a release, assignment, novation, waiver, or estoppel which deprives a franchisee of rights and protections provided in this act. This shall not preclude a franchisee, after entering into a franchise agreement, from settling any and all claims.
- (c) A provision that permits a franchisor to terminate a franchise prior to the expiration of its term except for good cause. Good cause shall include the failure of the franchisee to comply with any lawful provision of the franchise agreement and to cure such failure after being given written notice thereof and a reasonable opportunity, which in no event need be more than 30 days, to cure such failure.
- (d) A provision that permits a franchisor to refuse to renew a franchise without fairly compensating the franchisee by repurchase or other means for the fair market value at the time of expiration of the franchisee's inventory, supplies, equipment, fixtures, and furnishings. Personalized materials which have no value to the franchisor and inventory, supplies, equipment, fixtures, and furnishings not reasonably required in the conduct of the franchise business are not subject to compensation. This subsection applies only if: (i) The term of the franchise is less than 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, logo, 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:
 - (v) The failure of the proposed transferee to meet the franchisor's then current reasonable qualifications or standards.
 - (vi) The fact that the proposed transferee is a competitor of the franchisor or subfranchisor.
 - (vii) The unwillingness of the proposed transferee to agree in writing to comply with all lawful obligations.
 - (viii) The failure of the franchisee or proposed transferee to pay any sums owing to the franchisor or to cure any default in the franchise agreement existing at the time of the proposed transfer.
- (h) A provision that requires the franchisee to resell to the franchisor items that are not uniquely identified with the franchisor. This subdivision does not prohibit a provision that grants to a franchisor a right of first refusal to purchase the assets of a franchise on the same terms and conditions as a bona fide third party willing and able to purchase those assets, nor does this subdivision prohibit a provision that grants the franchisor the right to acquire the assets of a franchise for the market or appraised value of such assets if the franchisee has breached the lawful provisions of the franchise agreement and has failed to cure the

breach in the manner provided in subdivision (c).

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

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

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

Any questions regarding this notice should be directed to:

State of Michigan
Department of Attorney General
CONSUMER PROTECTION DIVISION
Attention: Franchise Section
G. Mennen Williams Building, 1st Floor
525 West Ottawa Street
Lansing, Michigan 48913
Telephone Number: (517) 373-7117

MINNESOTA

In recognition of the Minnesota Franchise Law, Minn. Stat., Chapter 80C, Sections 80C.01 through 80C.22, and the Rules and Regulations promulgated pursuant thereto by the Minnesota Commission of Securities, Minnesota Rule 2860.4400, et. seq., the Disclosure Document, Franchise Agreement and Supplemental Agreements are amended as follows:

1. Minnesota Rule 2860.4400(D) prohibits us from requiring you to assent to a general release.
2. We will comply with Minnesota Statute Section 80C.14, Subds. 3, 4 and 5 which require, except in certain specified cases, that you be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for non-renewal of the Franchise Agreement or Supplemental Agreement; and that consent to the transfer of the franchise will not be unreasonably withheld.
3. Minnesota Statute Section 80C.21 and Minnesota Rule 2860.4400(J) prohibit us from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring you to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Franchise Disclosure Document or agreement(s) can abrogate or reduce any of your rights as provided for in Minnesota Statutes, chapter 80C, or your rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction. In addition, we will comply with the provisions of Minnesota Rule 2860.4400(J), which state that you cannot waive any rights, you cannot consent to our obtaining injunctive relief, we may seek injunctive relief, and a court will determine if a bond is required.
4. We will comply with Minnesota Statute Section 80C.12, Subd. 1(g), which requires that we protect your right to use the trademarks, service marks, trade names, logotypes or other commercial symbols or indemnify you from any loss, costs or expenses arising out of any claim, suit or demand regarding the use of the name.
5. We will comply with Minnesota Statute Section 80C.17, Subd. 5 regarding limitation of claims.
6. Items 5 and 7 of this Disclosure Document are amended to include the following:

“All fees referenced are subject to deferral pursuant to order of the State of Minnesota. Accordingly, you will pay no fees to us until we have completed all of our material pre-opening responsibilities to you and you commence operating the franchised business.”
7. Item 6 of the Franchise Disclosure Document is amended to add the following language in the Remarks column of the “Late Fees” row:

“Minnesota law requires that the NSF fee is capped at \$30 per incident.”
8. No statement, questionnaire, or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including, fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed with the franchise.

NEW YORK

In recognition of the requirements of the General Business Laws of the State of New York, Article 33, §§680 through 695, the Disclosure Document, Franchise Agreement and Supplemental Agreements are amended as follows:

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

INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT A OR YOUR PUBLIC LIBRARY FOR SOURCES OF INFORMATION. REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT NEW YORK STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS 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, 28 LIBERTY STREET, 21ST FLOOR, NEW YORK, NEW YORK 10005. 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 of the Disclosure Document:

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 of the Disclosure Document:

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 of the Disclosure Document:

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) of the Disclosure Document, titled “**Requirements for franchisee to renew or extend,**” and Item 17(m) of the Disclosure Document, 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) of the Disclosure Document, 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) of the Disclosure Document, 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) of the Disclosure Document, titled “Choice of forum”, and Item 17(w) of the Disclosure Document, 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.

9. We will not require that you prospectively assent to a release, assignment, novation, waiver, or estoppel that purports to relieve any person from liability imposed by the New York Franchise Law.

10. We will not place any condition, stipulation, or provision in the Franchise Agreement that requires you to waive compliance with any provision of the New York Franchise Law.

11. Any provision in the Franchise Agreement that limits the time period in which you may assert a legal claim against us under the New York Franchise Law is amended to provide for a three (3) year statute of limitations for purposes of bringing a claim arising under the New York Franchise Law.

12. Notwithstanding the transfer provision in the Franchise Agreement, we will not assign the Franchise Agreement except to an assignee who, in our good faith judgment, is willing and able to assume our obligations under the Franchise Agreement.

NORTH DAKOTA

In recognition of the requirements of the North Dakota Franchise Investment Law (the "North Dakota Franchise Law"), the Disclosure Document, Franchise Agreement and Supplemental Agreements are amended as follows:

1. Covenants not to compete are generally considered unenforceable in the State of North Dakota, pursuant to Section 51-19-09 of the North Dakota Franchise Law. Item 17(r) of the Disclosure Document and certain provisions in the Franchise Agreement and Supplemental Agreements include certain covenants restricting competition to which you must agree. The Commissioner has held that covenants restricting competition contrary to Section 9-08-06 of the North Dakota Century Code, without further disclosing that such covenants may be subject to this statute, are unfair, unjust, or inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Law. The Disclosure Document, Franchise Agreement and Supplemental Agreements are amended accordingly to the extent required by law.
2. Provisions requiring arbitration or mediation to be held at a location that is remote from the site of the franchisee's business are generally considered unenforceable in the State of North Dakota, pursuant to Section 51-19-09 of the North Dakota Franchise Investment Law. Accordingly, the parties must agree on the site where arbitration or mediation will be held.
3. Provisions requiring jurisdiction in a state other than North Dakota are generally considered unenforceable in the State of North Dakota, pursuant to Section 51-19-09 of the North Dakota Franchise Investment Law.
4. Provisions requiring that agreements be governed by the laws of a state other than North Dakota are generally considered unenforceable in the State of North Dakota, pursuant to Section 51-19-09 of the North Dakota Franchise Investment Law.
5. Provisions requiring your consent to liquidated or termination damages are generally considered unenforceable in the State of North Dakota, pursuant to Section 51-19-09 of the North Dakota Franchise Investment Law.
6. Provisions requiring you to sign a general release upon renewal of the franchise agreement have been determined to be unfair, unjust and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law.
7. Provisions requiring you to pay all costs and expenses incurred by us in enforcing the franchise agreement have been determined to be unfair, unjust and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law. Accordingly, any such provision is modified to read that the prevailing party in any enforcement action is entitled to recover all costs and expenses including attorney's fees.
8. Provisions requiring you to consent to a waiver of trial by jury have been determined to be unfair, unjust and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law.
9. Provisions requiring you to consent to a limitation of claims within one year have been determined to be unfair, unjust and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law. Accordingly, any such provision is modified to read that the statute of limitations under North Dakota Law will apply.
10. Provisions requiring you to consent to a waiver of exemplary and punitive damages have been determined to be unfair, unjust and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Invest Law.
11. All fees referenced in Item 5 of the Disclosure Document are subject to deferral pursuant to order of the State of North Dakota. Accordingly, you will pay no fees to us until we have completed all of our material pre-opening responsibilities to you and you commence operating the franchised business.

RHODE ISLAND

In recognition of the requirements of the Rhode Island Franchise Investment Act (the "Rhode Island Franchise Law"), the Disclosure Document, Franchise Agreement and Supplemental Agreements are amended as follows:

1. We will not require that you prospectively assent to a waiver, condition, stipulation, or provision that purports to relieve any person from liability imposed by the Rhode Island Franchise Law. This provision does not apply to the settlement of disputes, claims, or civil lawsuits brought under the Rhode Island Franchise Law.
2. Section 19-28.1-14 of the Rhode Island Franchise Law 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." If a claim is enforceable under the Rhode Island Franchise Law, we will not restrict jurisdiction or venue to a forum outside the State of Rhode Island or require the application of the laws of another state.
3. We will not prohibit you from joining a trade association or association of franchisees. We will not retaliate against you for engaging in these activities.
4. Any provision in the Franchise Agreement that limits the time period in which you may assert a legal claim against us under the Rhode Island Franchise Law is amended to provide for a four (4) year statute of limitations for purposes of bringing a claim arising under the Rhode Island Franchise Law. Notwithstanding the foregoing, if a rescission offer has been approved by the Rhode Island director of business registration, then the statute of limitations is ninety (90) days after your receipt of the rescission offer.

VIRGINIA

In recognition of the requirements of the Virginia Retail Franchising Act, the Disclosure Document, Franchise Agreement and Supplemental Agreements are amended as follows:

1. Item 5 of the Disclosure Document is amended to add the following:

The Virginia State Corporation Commission's Division of Securities and Retail Franchising requires us to defer payment of the initial franchise fee and other initial payments owed by franchisees to us until we have completed our pre-opening obligations under the Franchise Agreement.

2. Item 17 of the Disclosure Document is amended to add the following:

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 or Supplemental Agreement does not constitute "reasonable cause," as that term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, that provision may not be enforceable.

Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to use undue influence to induce a franchisee/area developer to surrender any right given to him under the applicable agreement.

3. If any provision of the Franchise Agreement or any Supplemental Agreement involves the use of undue influence by the franchisor to induce a franchisee/area developer to surrender any rights given to him under the applicable agreement, that provision may not be enforceable.
4. We will not require that you prospectively assent to a waiver, condition, stipulation, or provision that purports to relieve any person from liability imposed by the Virginia Retail Franchising Act. This provision does not prohibit you and us from entering into binding arbitration consistent with the Virginia Retail Franchising Act.
5. Any provision in the Franchise Agreement or Supplemental Agreement that limits the time period in which you may assert a legal claim against us under the Virginia Retail Franchising Act is amended to provide for a four (4) year statute of limitations for purposes of bringing a claim arising under the Virginia Retail Franchising Act.
6. Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it shall be unlawful for a franchisor to cancel a franchise without reasonable cause. If any grounds for default or termination stated in the Franchise Agreement or Supplemental Agreement does not constitute "reasonable cause," as that term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, that provision may not be enforceable.

WASHINGTON

In recognition of the requirements of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW, the Disclosure Document, Franchise Agreement and Supplemental Agreements are amended as follows:

1. In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW, will prevail.
2. RCW 19.100.180 may supersede the Franchise Agreement and Supplemental Agreements in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the Franchise Agreement and Supplemental Agreements in your relationship with the franchisor including the areas of termination and renewal of your franchise.
3. In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the franchise agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.
4. 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. All fees payable to us under the terms of the Franchise Agreement are subject to deferral pursuant to order of the State of Washington. Accordingly, you shall pay no fees to us until we have completed all of our material pre-opening responsibilities to you and you commence operating the franchised business.

WISCONSIN

The Wisconsin Fair Dealership Law, Chapter 135 of the Wisconsin Statutes supersedes any provision of the Franchise Agreement and Supplement Agreements (if applicable) if such provision is in conflict with that law. The Franchise Disclosure Document, the Franchise Agreement and the Supplemental Agreements are amended accordingly.

(Signatures on following page)

APPLICABLE ADDENDA

If any one of the preceding Addenda for specific states (“**Addenda**”) is checked as an “Applicable Addenda” below, then that Applicable Addenda shall be incorporated into the Franchise Disclosure Document, Franchise Agreement, Supplemental Agreements (if applicable) and any other specified agreement(s) entered into by us and the undersigned franchisee. To the extent any terms of an applicable Addenda conflict with the terms of the Franchise Disclosure Document, Franchise Agreement, Supplemental Agreement (if applicable) and other specified agreement(s), the terms of the Applicable Addenda shall supersede the terms of the Franchise Agreement.

- | | | |
|-------------------------------------|---------------------------------------|---------------------------------------|
| <input type="checkbox"/> California | <input type="checkbox"/> Michigan | <input type="checkbox"/> South Dakota |
| <input type="checkbox"/> Hawaii | <input type="checkbox"/> Minnesota | <input type="checkbox"/> Virginia |
| <input type="checkbox"/> Illinois | <input type="checkbox"/> New York | <input type="checkbox"/> Washington |
| <input type="checkbox"/> Indiana | <input type="checkbox"/> North Dakota | <input type="checkbox"/> Wisconsin |
| <input type="checkbox"/> Maryland | <input type="checkbox"/> Rhode Island | |

Dated: _____, 202____

FRANCHISOR:

Success Franchising, LLC

By: _____

Title: _____

FRANCHISEE:

By: _____

Title: _____

EXHIBIT "I"-2

GENERAL RELEASE

[See Attached]

WAIVER AND RELEASE OF CLAIMS

This Waiver and Release of Claims (this “Agreement”) is made as of _____, 202__ (the “Effective Date”) by _____, a(n) _____ (“you”) and each individual holding a direct or indirect ownership interest in you (collectively “Owner”) in favor of Success Franchising, LLC, a Delaware limited liability company (“us,” and together with you and Owner, the “Parties”).

Background

- A. We signed a Franchise Agreement with you, dated _____, 202__ (the “Franchise Agreement”) pursuant to which we granted you the right to own and operate a SUCCESS Space facility;
- B. You have notified us of your desire to transfer the Franchise Agreement and all rights related thereto, or an ownership interest in the franchisee entity, to a transferee, [**enter into a successor franchise agreement**] and we have consented to such transfer [**agreed to enter into a successor franchise agreement**]; and
- C. As a condition to our consent to the transfer [**your ability to enter into a successor franchise agreement**], you and Owner have agreed to execute this Agreement upon the terms and conditions stated below.
- D. In consideration of our consent to the transfer [**our entering into a successor franchise agreement**], and for other good and valuable consideration, the sufficiency and receipt of which are hereby acknowledged, and intending to be legally bound, you and Owner hereby agree as set forth below.

Agreement

1. Release. Owner, you, and each of your officers, directors, shareholders, members, owners, employees, agents, representatives, affiliates, parents, divisions, successors and assigns, and all persons or firms claiming by, through, under, or on behalf of any or all of them (the “Franchisee Parties”), hereby release, acquit and forever discharge us, any and all of our past and present affiliates, parents, subsidiaries and related companies, divisions and partnerships, consultants, advisors and franchise sellers and its and their respective past and present officers, directors, shareholders, members, owners, employees, agents, representatives, affiliates, parents, divisions, successors and assigns, and the spouses of such individuals (collectively, the “Franchisor Parties”), from any and all claims, liabilities, damages, expenses, actions or causes of action which any of the Franchisee Parties may now have or has ever had, whether known or unknown, past or present, absolute or contingent, suspected or unsuspected, of any nature whatsoever, directly or indirectly arising out of or relating to the execution and performance (or lack thereof) of the Franchise Agreement or the offer, sale or acceptance of the franchise related thereto (including, but not limited to any disclosures and representations made in connection therewith). The foregoing release shall not be construed to apply with respect to any obligations contained within this Agreement.
2. California Law. You and Owner hereby express your intention to release all existing claims, whether known or unknown, against the Franchisor Parties. Accordingly, you and Owner hereby waive Section 1542 of the California Civil Code, which provides the following:

“A general release does not extend to claims which the creditor does not know or suspect to exist in his or her favor at the time of executing the release, which if known by him or her must have materially affected his or her settlement with the debtor.”

[Section 2 only applies for California franchisees; otherwise it is omitted]

3. Washington Franchise Law. The General Release does not apply with respect to claims arising under the Washington Franchise Investment Protection Act, RCW 19.100, or the rules adopted thereunder.

[Section 3 only applies for Washington franchisees; otherwise it is omitted]

4. Nondisparagement. Each of the Franchisee Parties expressly covenant and agree not to make any false representation of facts, or to defame, disparage, discredit or deprecate any of the Franchisor Parties or otherwise communicate with any person or entity in a manner intending to damage any of the Franchisor

Parties, the business conducted by any of the Franchisor Parties or the reputation of any of the Franchisor Parties. For purposes of clarity, the obligations in this Section apply to all methods of communications, including the making of statements or representations through direct verbal or written communication as well as the making of statements or representations on the Internet, through social media sites or through any other verbal, digital or electronic method of communication. The obligations in this Section also prohibit the Franchisee Parties from indirectly violating this Section by influencing or encouraging third parties to engage in activities that would constitute a violation of this Section if conducted directly by a Franchisee Party.

5. Representations and Warranties. You and Owner each represent and warrant that: (i) [Insert franchisee entity name] is duly authorized to execute this Agreement and perform its obligations hereunder; (ii) neither you nor Owner has assigned, transferred or conveyed, either voluntarily or by operation of law, any of their rights or claims against any of the Franchisor Parties or any of the rights, claims or obligations being terminated or released hereunder; (iii) you and Owner have not and shall not (a) institute or cause to be instituted against any of the Franchisor Parties any legal proceeding of any kind, including the filing of any claim or complaint with any state or federal court or regulatory agency, alleging any violation of common law, statute, regulation or public policy premised upon any legal theory or claim whatsoever relating to the matters released in this Agreement or (b) make any verbal, written or other communication that could reasonably be expected to damage or adversely impact any Franchisor Party's reputation or goodwill; and (iv) the individuals identified as Owners on the signature pages hereto together hold 100% of the legal and beneficial ownership interests in [Insert franchisee entity name].
6. Miscellaneous.
 - (a) The Parties agree that each has read and fully understands this Agreement and that the opportunity has been afforded to each Party to discuss the terms and contents of said Agreement with legal counsel and/or that such a discussion with legal counsel has occurred.
 - (b) This Agreement shall be construed and governed by the laws of the State of Texas.
 - (c) In the event that it shall be necessary for any Party to institute legal action to enforce, or for the breach of, any of the terms and conditions or provisions of this Agreement, the prevailing Party in such action shall be entitled to recover all of its reasonable costs and attorneys' fees.
 - (d) All of the provisions of this Agreement shall be binding upon and inure to the benefit of the Parties and their respective current and future directors, officers, partners, attorneys, agents, employees, shareholders and the spouses of such individuals, successors, affiliates, and assigns.
 - (e) This Agreement contains the entire agreement and understanding between the Parties with respect to the subject matter hereof and supersedes and is in lieu of all prior and contemporaneous agreements, understandings, inducements and conditions, expressed or implied, oral or written, of any nature whatsoever with respect to the subject matter hereof. This Agreement may not be modified except in a writing signed by each of the Parties.
 - (f) If one or more of the provisions of this Agreement shall for any reason be held invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect or impair any other provision of this Agreement, but this Agreement shall be construed as if such invalid, illegal or unenforceable provision had not been contained herein.
 - (g) The Parties agree to do such further acts and things and to execute and deliver such additional agreements and instruments as any Party may reasonably require to consummate, evidence, or confirm the transactions contemplated hereby.
 - (h) This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which together shall constitute but one document.

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the date first written above.

FRANCHISEE:

By: _____

Name: _____

Its: _____

FRANCHISE OWNERS:

Name: _____

Name: _____

Name: _____

EXHIBIT “I”-3

SOFTWARE LICENSE AGREEMENT

[See Attached]

SOFTWARE LICENSE AGREEMENT

This Software License Agreement (this “Agreement”) is entered into as of _____, 202__ (the “Effective Date”) between Success Franchising, LLC, a Delaware limited liability company (“we” or “us”) and _____, a(n) _____ (“you” and together with us, the “Parties”).

Background

- A. Concurrently with the execution of this Agreement, the Parties are entering into a SUCCESS Space Franchise Agreement (the “Franchise Agreement”), pursuant to which we will grant you the right and obligation to develop and operate a SUCCESS Space Facility (your “Facility”) from a site to be approved by us.
- B. In connection with the operation of your Facility, we require that you license and utilize the proprietary business management software described in Attachment A and referred to as “SUCCESS Spaceware” (the “Software”).
- C. We have acquired the right and license to use, and to grant sublicenses to our franchisees to use, the Software in connection with the operation of SUCCESS Space facilities.
- D. You desire to license the Software from us for purposes of operating your Facility, and we desire to sublicense the Software to you subject to the terms and conditions of this Agreement.
- E. In consideration of the mutual covenants, terms, and conditions set forth herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereby agree to the terms and conditions set forth below.

Agreement

1. **DEFINITIONS.** Capitalized terms used in this Agreement shall have the meanings given to them below.

“*Documentation*” means the user manuals, handbooks, and installation guides relating to the Software provided by us to you either electronically or in hard copy form and end user documentation relating to the Software.

“*Software*” means the products described in Attachment A to this Agreement in object code format, including any Updates provided to you pursuant to this Agreement.

“*Software Maintenance*” shall mean the work done by LETESOFT to correct Errors and to provide Fixes, Upgrades and Enhancements to the Software.

“*Support Services*” shall mean the work done by us or our designee in support of the Software, including but not limited to, installation services, training, consultant support, telephone support, and such other services as may be defined in an accepted order.

“*Third-Party Products*” means any third-party products described in Attachment A provided with or incorporated into the Software.

“*Updates*” means any updates, bug fixes, patches, or other error corrections to the Software that we generally make available free of charge to all licensees of the Software.

2. **LICENSE.**

- (a) License Grant. Subject to the terms and conditions of this Agreement, we hereby grant you a non-exclusive, non-sublicenseable, and non-transferable (except in compliance with Section 12(j)) license during the Term to: (i) use the Software solely for your internal business purposes in connection with the operation of your Facility; and (ii) use and make a reasonable number of copies of the Documentation solely for your internal business purposes in connection with your

use of the Software. You may make one copy of the Software solely for back-up, disaster recovery, and testing purposes. Any such copy of the Software: (x) remains our, or, as applicable, the third-party's exclusive property; (y) is subject to the terms and conditions of this Agreement; and (z) must include all copyright or other proprietary rights notices contained in the original.

- (b) Use Restrictions. You may not use the Software or Documentation for any purposes beyond the scope of the license granted in this Agreement. Without limiting the foregoing and except as otherwise expressly set forth in this Agreement, you may not at any time, directly or indirectly: (i) copy, modify, or create derivative works of the Software or the Documentation, in whole or in part; (ii) rent, lease, lend, sell, sub-license, assign, distribute, publish, transfer, or otherwise make available the Software or the Documentation; (iii) reverse engineer, disassemble, decompile, decode, adapt, or otherwise attempt to derive or gain access to the source code of the Software, in whole or in part; (iv) remove any proprietary notices from the Software or the Documentation; or (v) use the Software in any manner or for any purpose that infringes, misappropriates, or otherwise violates any intellectual property right, or other right, of any person, or that violates any applicable law.
- (c) Reservation of Rights. We reserve all rights not expressly granted to you in this Agreement. Except for the limited rights and licenses expressly granted under this Agreement, nothing in this Agreement grants, by implication, waiver, estoppel, or otherwise, to you or any third party any intellectual property rights or other right, title, or interest in or to the Software.
- (d) Delivery. No less than 60 days prior to the projected opening date of your Facility to the public, we shall deliver the Software to you either electronically or through any other means determined by us in our sole discretion.

3. YOUR RESPONSIBILITIES.

- (a) General. You are responsible and liable for all uses of the Software and Documentation resulting from access provided by you, directly or indirectly, whether such access or use is permitted by or in violation of this Agreement.
- (b) Third-Party Products. We may distribute certain Third-Party Products with the Software. For purposes of this Agreement, such Third-Party Products are subject to their own license terms and the applicable flow through provisions referred to in Attachment A. If you do not agree to abide by the applicable terms for such Third-Party Product, then you should not install or use such Third-Party Products.

4. SUPPORT. We (or our designee) will provide you with Software Maintenance and Support Services subject to the provisions of this Agreement.

5. FEES AND PAYMENT.

- (a) Fees. You shall pay us the fees ("Fees") set forth in Attachment A and elsewhere in this Agreement without offset or deduction. You shall make all payments hereunder in US dollars on or before the due date set forth in Attachment A or elsewhere in this Agreement. If you fail to make any payment when due, then in addition to all other remedies that may be available to us: (i) we may charge interest on the past due amount at the rate of 24% per annum calculated daily and compounded monthly or, if lower, the highest rate permitted under applicable law; and (ii) you must reimburse us for all costs that we incur in collecting any late payments or interest, including attorneys' fees, court costs, and collection agency fees.
- (b) Taxes. All Fees and other amounts you must pay under this Agreement are exclusive of taxes and similar assessments. You are responsible for all sales, use, and excise taxes, and any other similar taxes, duties, and charges of any kind imposed by any federal, state, or local governmental or regulatory authority on any amounts payable by you hereunder, other than any

taxes imposed on our income.

6. **CONFIDENTIAL INFORMATION.** From time to time during the Term, either Party may disclose or make available to the other Party information about its business affairs, products, confidential intellectual property, trade secrets, third-party confidential information, and other sensitive or proprietary information, whether orally or in written, electronic, or other form or media, and whether or not marked, designated, or otherwise identified as “confidential” (collectively, “Confidential Information”). Confidential Information does not include information that, at the time of disclosure is: (a) in the public domain; (b) known to the receiving Party at the time of disclosure; (c) rightfully obtained by the receiving Party on a non-confidential basis from a third party; or (d) independently developed by the receiving Party. The receiving Party shall not disclose the disclosing Party’s Confidential Information to any person or entity, except to the receiving Party’s employees who have a need to know the Confidential Information for the receiving Party to exercise its rights or perform its obligations hereunder. Notwithstanding the foregoing, each Party may disclose Confidential Information to the limited extent required (i) in order to comply with the order of a court or other governmental body, or as otherwise necessary to comply with applicable law, provided that the Party making the disclosure pursuant to the order shall first have given written notice to the other Party and made a reasonable effort to obtain a protective order; or (ii) to establish a Party’s rights under this Agreement, including to make required court filings. On the expiration or termination of the Agreement, the receiving Party shall promptly return to the disclosing Party all copies, whether in written, electronic, or other form or media, of the disclosing Party’s Confidential Information, or destroy all such copies and certify in writing to the disclosing Party that such Confidential Information has been destroyed. Each Party’s obligations of non-disclosure with regard to Confidential Information are effective as of the Effective Date.

7. **INTELLECTUAL PROPERTY OWNERSHIP; FEEDBACK.**

- (a) Intellectual Property Ownership. You acknowledge that, as between you and us, we own all right, title, and interest, including all intellectual property rights, in and to the Software and Documentation and, with respect to Third-Party Products, the applicable third-party licensors own all right, title and interest, including all intellectual property rights, in and to the Third-Party Products.
- (b) Feedback. If you or any of your employees or contractors sends or transmits any communications or materials to us by mail, email, telephone, or otherwise, suggesting or recommending changes to the Software or Documentation, including without limitation, new features or functionality relating thereto, or any comments, questions, suggestions, or the like (“Feedback”), we are free to use such Feedback irrespective of any other obligation or limitation between the Parties governing such Feedback. You hereby assign to us on your behalf, and on behalf of your employees, contractors and/or agents, all right, title, and interest in the Feedback, and we are free to use, without any attribution or compensation to any party, any ideas, know-how, concepts, techniques, or other intellectual property rights contained in the Feedback, for any purpose whatsoever, although we are not required to use any Feedback.

8. **WARRANTY DISCLAIMER.** THE SOFTWARE AND DOCUMENTATION ARE PROVIDED “AS IS” AND WE HEREBY DISCLAIM ALL WARRANTIES, WHETHER EXPRESS, IMPLIED, STATUTORY, OR OTHERWISE. WE SPECIFICALLY DISCLAIM ALL IMPLIED WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, TITLE AND NON-INFRINGEMENT, AND ALL WARRANTIES ARISING FROM COURSE OF DEALING, USAGE, OR TRADE PRACTICE. WE MAKE NO WARRANTY OF ANY KIND THAT THE SOFTWARE AND DOCUMENTATION, OR ANY PRODUCTS OR RESULTS OF THE USE THEREOF, WILL MEET YOUR OR ANY OTHER PERSON’S REQUIREMENTS, OPERATE WITHOUT INTERRUPTION, ACHIEVE ANY INTENDED RESULT, BE COMPATIBLE OR WORK WITH ANY SOFTWARE, SYSTEM OR OTHER SERVICES, OR BE SECURE, ACCURATE, COMPLETE, FREE OF HARMFUL CODE, OR ERROR FREE.

9. INDEMNIFICATION.

- (a) Our Indemnification. We shall indemnify, defend, and hold harmless you from and against any and all losses, damages, liabilities, costs (including reasonable attorneys' fees) ("Losses") incurred by you resulting from any third-party claim, suit, action, or proceeding ("Third-Party Claim") that the Software or Documentation, or any use of the Software or Documentation in accordance with this Agreement, infringes or misappropriates such third party's US intellectual property rights, provided that you promptly notify us in writing of the claim, cooperate with us, and allow us sole authority to control the defense and settlement of such claim. If such a claim is made or appears possible, you agree to permit us, at our sole discretion, to (A) modify or replace the Software or Documentation, or component or part thereof, to make it non-infringing, or (B) obtain the right for you to continue use. If we determine that none of these alternatives is reasonably available, we may terminate this Agreement, in its entirety or with respect to the affected component or part, effective immediately on written notice to you. This Section 9(a) will not apply to the extent that the alleged infringement arises from: (A) use of the Software in combination with data, software, hardware, equipment, or technology not provided by us or authorized by us in writing; (B) modifications to the Software not made by us; or (C) use of any version other than the most current version of the Software or Documentation delivered to you; or (D) Third-Party Products.
- (b) Your Indemnification. You shall indemnify, hold harmless, and, at our option, defend us from and against any Losses resulting from any Third-Party Claim based on your: (i) negligence or willful misconduct; (ii) use of the Software or Documentation in a manner not authorized or contemplated by this Agreement; (iii) use of the Software in combination with data, software, hardware, equipment or technology not provided by us or authorized by us in writing; (iv) modifications to the Software not made by us; or (v) use of any version other than the most current version of the Software or Documentation delivered to you, provided that you may not settle any Third-Party Claim against us unless such settlement completely and forever releases us from all liability with respect to such Third-Party Claim or unless we consent to such settlement, and further provided that we will have the right, at our option, to defend ourselves against any such Third-Party Claim or to participate in the defense thereof by counsel of our own choice.
- (c) Sole Remedy. THIS SECTION 9 SETS FORTH YOUR SOLE REMEDIES AND OUR SOLE LIABILITY AND OBLIGATION FOR ANY ACTUAL, THREATENED, OR ALLEGED CLAIMS THAT THE SOFTWARE OR DOCUMENTATION INFRINGES, MISAPPROPRIATES, OR OTHERWISE VIOLATES ANY INTELLECTUAL PROPERTY RIGHTS OF ANY THIRD PARTY. IN NO EVENT WILL OUR LIABILITY UNDER THIS SECTION 9 EXCEED THE LIABILITY CAP DESCRIBED IN SECTION 10.

10. **LIMITATION OF LIABILITY.** IN NO EVENT WILL WE BE LIABLE UNDER OR IN CONNECTION WITH THIS AGREEMENT UNDER ANY LEGAL OR EQUITABLE THEORY, INCLUDING BREACH OF CONTRACT, TORT (INCLUDING NEGLIGENCE), STRICT LIABILITY, AND OTHERWISE, FOR ANY: (a) CONSEQUENTIAL, INCIDENTAL, INDIRECT, EXEMPLARY, SPECIAL, ENHANCED, OR PUNITIVE DAMAGES; (b) INCREASED COSTS, DIMINUTION IN VALUE OR LOST BUSINESS, PRODUCTION, REVENUES, OR PROFITS; (c) LOSS OF GOODWILL OR REPUTATION; (d) USE, INABILITY TO USE, LOSS, INTERRUPTION, DELAY OR RECOVERY OF ANY DATA, OR BREACH OF DATA OR SYSTEM SECURITY; OR (e) COST OF REPLACEMENT GOODS OR SERVICES, IN EACH CASE REGARDLESS OF WHETHER YOU WERE ADVISED OF THE POSSIBILITY OF SUCH LOSSES OR DAMAGES OR SUCH LOSSES OR DAMAGES WERE OTHERWISE FORESEEABLE. IN NO EVENT WILL OUR AGGREGATE LIABILITY ARISING OUT OF OR RELATED TO THIS AGREEMENT UNDER ANY LEGAL OR EQUITABLE THEORY, INCLUDING BREACH OF CONTRACT, TORT (INCLUDING NEGLIGENCE), STRICT LIABILITY, INDEMNIFICATION OR OTHERWISE, EXCEED THE TOTAL AMOUNTS PAID AND AMOUNTS ACCRUED BUT NOT YET PAID TO

US UNDER THIS AGREEMENT IN THE TWELVE (12) MONTH PERIOD PRECEDING THE EVENT GIVING RISE TO THE CLAIM.

11. TERM AND TERMINATION.

- (a) Term. The term of this Agreement and the granted license to use the Software (the “Term”), including Third-Party Products, shall commence upon the execution of this Agreement, and shall run concurrently with the term of the Franchise Agreement for your Facility unless earlier terminated in accordance with the terms hereof.
- (b) Termination. In addition to any other express termination right set forth in this Agreement:
 - (i) we may terminate this Agreement, effective on written notice to you, if either: (A) you breach any of your obligations under Section 2(b) or Section 6; or (B) we decide, in our sole discretion, to discontinue use of the Software as part of the Success Space business model;
 - (ii) either Party may terminate this Agreement, effective on written notice to the other Party, if the other Party materially breaches this Agreement, and such breach: (A) is incapable of cure; or (B) being capable of cure, remains uncured 30 days after the non-breaching Party provides the breaching Party with written notice of such breach; or
 - (iii) either Party may terminate this Agreement, effective immediately upon written notice to the other Party, if the other Party: (A) becomes insolvent or is generally unable to pay, or fails to pay, its debts as they become due; (B) files or has filed against it, a petition for voluntary or involuntary bankruptcy or otherwise becomes subject, voluntarily or involuntarily, to any proceeding under any domestic or foreign bankruptcy or insolvency law; (C) makes or seeks to make a general assignment for the benefit of its creditors; or (D) applies for or has appointed a receiver, trustee, custodian, or similar agent appointed by order of any court of competent jurisdiction to take charge of or sell any material portion of its property or business.
- (c) Effect of Expiration or Termination. Upon expiration or earlier termination of this Agreement, the license granted hereunder will also terminate, and, without limiting your obligations under Section 6, you shall cease using and delete, destroy, or return all copies of the Software, including any Third-Party Products, and Documentation and certify in writing to us that the Software, any Third-Party Products, and Documentation has been deleted or destroyed. No expiration or termination will affect your obligation to pay all Fees that may have become due before such expiration or termination, or entitle you to any refund.
- (d) Survival. This Section 11(d) and Sections 1, 5, 6, 7, 8, 9, 10, and 12 survive any termination or expiration of this Agreement. No other provisions of this Agreement survive the expiration or earlier termination of this Agreement.

12. MISCELLANEOUS.

- (a) Entire Agreement. This Agreement, together with any other documents incorporated herein by reference and all related Attachments, constitutes the sole and entire agreement of the Parties with respect to the subject matter of this Agreement and supersedes all prior and contemporaneous understandings, agreements, and representations and warranties, both written and oral, with respect to such subject matter. In the event of any inconsistency between the statements made in the body of this Agreement, the related Attachments and any other documents incorporated herein by reference, the following order of precedence governs: (a) first, this Agreement, excluding its Attachments; (b) second, the Attachments to this Agreement as of the Effective Date; and (c) third, any other documents incorporated herein by reference.
- (b) Notices. All notices given under this Agreement must be in writing, delivered by hand, email (to the last email address provided by the recipient) or first class mail, to the following addresses

(which may be changed upon 10 business days prior written notice):

YOU:

Attn: _____
Email: _____

US:

Success Franchising, LLC
750 N. St. Paul St., Suite 250
Dallas, Texas 75201
Attention: Legal Operations
Email: ted.laatz@success.com & legal@success.com

Notice shall be considered given: (i) at the time delivered by hand (with written confirmation of receipt); (ii) one (1) business day after sending by email or comparable electronic system; or (iii) three (3) business days after placed in the mail, postage prepaid, by certified mail with a return receipt requested. We may also provide notice of any change to the Manual through bulletins, postings or other notices provided on the Intranet or through any other method that we commonly utilize to communicate with our franchisee community as a whole. Notwithstanding the above, all notices to us must in all events be e-mailed to legal@success.com (and to any other email address that we specify from time to time) or such notice will not be deemed as having been delivered to us.

- (c) Interpretation. For purposes of this Agreement, (a) the words “include,” “includes,” and “including” will be deemed to be followed by the words “without limitation”; (b) the word “or” is not exclusive; and (c) the words “herein,” “hereof,” “hereby,” “hereto,” and “hereunder” refer to this Agreement as a whole. Unless the context otherwise requires, references herein: (x) to Sections, Schedules, and Attachments refer to the Sections of, and Schedules and Attachments attached to, this Agreement; (y) to an agreement, instrument, or other document means such agreement, instrument, or other document as amended, supplemented, and modified from time to time to the extent permitted by the provisions thereof; and (z) to a statute means such statute as amended from time to time and includes any successor legislation thereto and any regulations promulgated thereunder. This Agreement will be construed without regard to any presumption or rule requiring construction or interpretation against the party drafting an instrument or causing any instrument to be drafted. Any Schedules and Attachments referred to herein will be construed with, and as an integral part of, this Agreement to the same extent as if they were set forth verbatim herein.
- (d) Headings. The headings in this Agreement are for reference only and do not affect the interpretation of this Agreement.
- (e) Force Majeure. In no event shall either Party be liable to the other Party, or be deemed to have breached this Agreement, for any failure or delay in performing its obligations under this Agreement (except for any obligations to make payments), if and to the extent such failure or delay is caused by any circumstances beyond such Party’s reasonable control, including but not limited to acts of God, flood, fire, earthquake, explosion, war, terrorism, invasion, riot or other civil unrest, strikes, labor stoppages or slowdowns or other industrial disturbances, or passage of law or any action taken by a governmental or public authority, including imposing an embargo.
- (f) Amendment and Modification; Waiver. No amendment to or modification of this Agreement is effective unless it is in writing and signed by an authorized representative of each Party. No waiver by any Party of any of the provisions hereof will be effective unless explicitly set forth in writing and signed by the Party so waiving. Except as otherwise set forth in this Agreement, (i) no failure to exercise, or delay in exercising, any rights, remedy, power or privilege arising

from this Agreement will operate or be construed as a waiver thereof and (ii) no single or partial exercise of any right, remedy, power or privilege hereunder will preclude any other or further exercise thereof or the exercise of any other right, remedy, power or privilege.

- (g) Severability. If any provision of this Agreement is invalid, illegal, or unenforceable in any jurisdiction, such invalidity, illegality, or unenforceability will not affect any other term or provision of this Agreement or invalidate or render unenforceable such term or provision in any other jurisdiction. Upon such determination that any term or other provision is invalid, illegal, or unenforceable, the Parties hereto shall negotiate in good faith to modify this Agreement so as to effect the original intent of the Parties as closely as possible in a mutually acceptable manner in order that the transactions contemplated hereby be consummated as originally contemplated to the greatest extent possible.
- (h) Governing Law; Submission to Jurisdiction. This Agreement is governed by and construed in accordance with the internal Laws of the State of Texas without giving effect to any choice or conflict of law provision or rule (whether of the State of Texas or any other jurisdiction) that would cause the application of Laws of any other. Any legal suit, action, or proceeding arising out of or related to this Agreement will be instituted exclusively in the federal courts of the United States or the courts of the State of Texas in each case located in the city of Dallas and County of Dallas, and each party irrevocably submits to the exclusive jurisdiction of such courts in any such suit, action, or proceeding. Service of process, summons, notice, or other document by mail to such party's address set forth herein will be effective service of process for any suit, action, or other proceeding brought in any such court.
- (i) Waiver of Jury Trial. Each party irrevocably and unconditionally waives any right it may have to a trial by jury in respect of any claim, suit, action, or proceeding arising out of or relating to this Agreement or the transactions contemplated hereby.
- (j) Assignment. This Agreement is fully assignable by us (without prior notice to you) and shall inure to the benefit of any assignee(s) or other legal successor(s) to our interest in this Agreement, provided that we shall, subsequent to any such assignment, remain liable for the performance of our obligations under this Agreement up to the effective date of the assignment. You may not assign or transfer any of your rights or delegate any of your obligations hereunder, in each case whether voluntarily, involuntarily, by operation of law or otherwise, without our prior written consent. Any purported assignment, transfer, or delegation in violation of this Section is null and void. No assignment, transfer, or delegation will relieve the assigning or delegating Party of any of its obligations hereunder. This Agreement is binding upon and inures to the benefit of the Parties hereto and their respective permitted successors and assigns.
- (k) No Third-Party Beneficiaries. This Agreement is for the sole benefit of the Parties hereto and their respective successors and permitted assigns and nothing herein, express or implied, is intended to or will confer upon any other person any legal or equitable right, benefit, or remedy of any nature whatsoever, under or by reason of this Agreement.
- (l) Binding Agreement. This Agreement is binding upon and inures to the benefit of the parties hereto and their respective permitted successors and assigns.
- (m) Export Regulation. The Software may be subject to US export control laws, including the Export Control Reform Act and its associated regulations. You shall not, directly or indirectly, export, re-export, or release the Software to, or make the Software accessible from, any jurisdiction or country to which export, re-export, or release is prohibited by law, rule, or regulation. You shall comply with all applicable federal laws, regulations, and rules, and complete all required undertakings (including obtaining any necessary export license or other governmental approval), prior to exporting, re-exporting, releasing, or otherwise making the Software available outside the US.

- (n) Equitable Relief. Each Party acknowledges and agrees that a breach or threatened breach by such Party of any of its obligations under Section 6 or, in the case of you, Section 2(b), would cause the other Party irreparable harm for which monetary damages would not be an adequate remedy and agrees that, in the event of such breach or threatened breach, the other Party will be entitled to equitable relief, including a restraining order, an injunction, specific performance, and any other relief that may be available from any court, without any requirement to post a bond or other security, or to prove actual damages or that monetary damages are not an adequate remedy. Such remedies are not exclusive and are in addition to all other remedies that may be available at law, in equity, or otherwise.
- (o) Counterparts. This Agreement may be executed in counterparts, each of which is deemed an original, but all of which together are deemed to be one and the same agreement.

IN WITNESS WHEREOF, the Parties hereto have executed this Agreement as of the Effective Date.

US

You

SUCCESS FRANCHISING, LLC

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

ATTACHMENT A
TO SOFTWARE LICENSE AGREEMENT

Capitalized terms used but not defined in this Attachment A have the meaning given to those terms in the Agreement or the Franchise Agreement as appropriate.

1. DESCRIPTION OF THIRD-PARTY SOFTWARE:

- LETESOFT – Software License Agreement between Letesoft, LLC and us;
- NEXUDUS – Proposal from Nexodus Limited to us subject to web based Terms and Conditions, Privacy Policy and Service Limits;
- Schoox – Services Agreement between Schoox and us dated February 5, 2021.

2. FEES:

Total Fees due: \$1,650 per month, subject to change by us on 30 days written notice.

Payment terms: Payable on the 10th of each month in the same manner as the Royalty Fees with the first payment due 30 days prior to the anticipated opening date of your Facility.

EXHIBIT "J"

TO DISCLOSURE DOCUMENT

STATE EFFECTIVE DATES

State Effective Dates

The following states have franchise laws that require that the Franchise Disclosure Document be registered or filed with the 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 | June 2, 2023 (amended _____, 2023) |
| Hawaii | |
| Illinois | April 25, 2023 (amended _____, 2023) |
| Indiana | |
| Maryland | August 4, 2023 (amended _____, 2023) |
| Michigan | October 1, 2023 (amended October 4, 2023) |
| Minnesota | August 7, 2023 (amended _____, 2023) |
| New York | |
| North Dakota | May 25, 2023 (amended _____, 2023) |
| Rhode Island | |
| South Dakota | |
| Virginia | April 25, 2023 (amended _____, 2023) |
| Washington | |
| Wisconsin | April 25, 2023 (amended _____, 2023) |

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"
TO DISCLOSURE DOCUMENT

RECEIPTS

[See Attached]

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 Success Franchising, LLC offers you a franchise, it must provide this Disclosure Document to you 14 days before you sign a binding agreement or make a payment with the franchisor or an affiliate in connection with the proposed franchise sale.

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

The franchise seller(s) involved with the sale of this franchise is/are:

____ Ted Laatz; 750 North St. Paul St., Suite 250, Dallas, Texas 75201; (800) 570-6414

____ Tina Gantz; 7740 Willow Point Drive, Falls Church, Virginia 22042; (703) 582-2555

____ Ben Litalien; 750 North St. Paul St., Suite 250, Dallas, Texas 75201; (800) 570-6414

Issuance Date: April 19, 2023 (amended October 4, 2023)

Success Franchising, LLC's agent to receive service of process is listed in EXHIBIT "B" to this Disclosure Document.

I received a Franchise Disclosure Document that included the following Exhibits:

| | |
|---------------|--|
| EXHIBIT "A" | State Agencies and Administrators |
| EXHIBIT "B" | Agent for Service of Process |
| EXHIBIT "C" | Franchise Agreement |
| EXHIBIT "D" | Area Development Agreement |
| EXHIBIT "E" | Table of Contents of the confidential Brand Standards Manual |
| EXHIBIT "F" | List of Franchisees |
| EXHIBIT "G" | Area Representatives |
| EXHIBIT "H" | Financial Statements of Success Franchising, LLC |
| EXHIBIT "I" | Other Agreements |
| EXHIBIT "I"-1 | State Addenda |
| EXHIBIT "I"-2 | General Release |
| EXHIBIT "I"-3 | Software License Agreement |
| EXHIBIT "J" | State Effective Dates |
| EXHIBIT "K" | Receipts |

Print Name

Date

(Signature) Prospective Franchise Owner

(This Receipt should be executed in duplicate. One Receipt must be signed and remains in the Franchise Disclosure Document as the prospective franchise owner's copy. The other Receipt must be signed and returned to Success Franchising, LLC)

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 Success Franchising, LLC offers you a franchise, it must provide this Disclosure Document to you 14 days before you sign a binding agreement or make a payment with the franchisor or an affiliate in connection with the proposed franchise sale.

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

The franchise seller(s) involved with the sale of this franchise is/are:

____ Ted Laatz; 750 North St. Paul St., Suite 250, Dallas, Texas 75201; (800) 570-6414

____ Tina Gantz; 7740 Willow Point Drive, Falls Church, Virginia 22042; (703) 582-2555

____ Ben Litalien; 750 North St. Paul St., Suite 250, Dallas, Texas 75201; (800) 570-6414

Issuance Date: April 19, 2023 (amended October 4, 2023)

Success Franchising, LLC's agent to receive service of process is listed in EXHIBIT "B" to this Disclosure Document.

I received a Franchise Disclosure Document that included the following Exhibits:

| | |
|---------------|--|
| EXHIBIT "A" | State Agencies and Administrators |
| EXHIBIT "B" | Agent for Service of Process |
| EXHIBIT "C" | Franchise Agreement |
| EXHIBIT "D" | Area Development Agreement |
| EXHIBIT "E" | Table of Contents of the confidential Brand Standards Manual |
| EXHIBIT "F" | List of Franchisees |
| EXHIBIT "G" | Area Representatives |
| EXHIBIT "H" | Financial Statements of Success Franchising, LLC |
| EXHIBIT "I" | Other Agreements |
| EXHIBIT "I"-1 | State Addenda |
| EXHIBIT "I"-2 | General Release |
| EXHIBIT "I"-3 | Software License Agreement |
| EXHIBIT "J" | State Effective Dates |
| EXHIBIT "K" | Receipts |

Print Name

Date

(Signature) Prospective Franchise Owner

(This Receipt should be executed in duplicate. One Receipt must be signed and remains in the Franchise Disclosure Document as the prospective franchise owner's copy. The other Receipt must be signed and returned to Success Franchising, LLC.)