# FRANCHISE DISCLOSURE DOCUMENT

2 Hours of Freedom Franchise Group LLC
An Illinois Limited Liability Company
1613 W. Colonial Pkwy
Inverness, IL 60067
Phone: (217) 693-1548
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2 Hours of Freedom Franchise Group LLC, an Illinois limited liability company, offers you the opportunity to own and operate 2 Hours of Freedom Businesses that offer indoor play areas and a concession stand for children ages 2 to 12 years and their caretakers, and one that offers membership packages, party packages, and special group and fundraising events, under certain trademarks, trade names, service marks and logos (an "2 Hours of Freedom Business" or "2 Hours of Freedom Businesses").

The total investment necessary to begin operation of an 2 Hours of Freedom Business ranges from $465,623 to $892,693, including $49,000 to $57,000 that must be paid to us or our affiliates.

This Franchise Disclosure Document summarizes certain provisions of your Franchise Agreement and other information in plain English (this "Franchise Disclosure Document"). Read this Franchise Disclosure Document and all accompanying agreements carefully. You must receive this Franchise Disclosure Document at least 14 calendar days before you may sign a binding agreement with, or make any payment to, us or our affiliates 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 Franchise Disclosure Document in another format that is more convenient to you. To discuss the availability of disclosures in different formats, contact Jeffrey Anderson, at 1613 W. Colonial Parkway, Inverness, Illinois 60067, (217) 693-1548.

The terms of your contract will govern your franchise relationship. Don't rely on this Franchise Disclosure Document alone to understand your contract. Read your entire contract carefully. Show your contract and this Franchise Disclosure Document to a trusted advisor, such as a lawyer or an accountant.

Buying a franchise is a complex investment. The information in this Franchise 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 Franchise Disclosure Document, is available from the Federal Trade Commission. You can contact the FTC at 1-877-FTC-HELP or by writing to the FTC at 600 Pennsylvania Avenue, NW, Washington, DC 20580. You can also visit the FTC's home page at www.ftc.gov for additional information. Call your state agency or visit your public library for other sources of information on franchising.

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

**Issuance Date**: April 23, 2026

## How to Use This Franchise Disclosure Document

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

| QUESTION | WHERE TO FIND INFORMATION |
|---|---|
| **How much can I earn?** | Item 19 may give you information about outlet sales, costs, profits or losses. You should also try to obtain this information from others, like current and former franchisees. You can find their names and contact information on 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 at the franchisor's discretion. 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 C 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 2 Hours of Freedom Business in my area?** | Item 12 and the "territory" provisions in the franchise agreement describe whether the franchisor and other franchisees can compete with you. |
| **Does the franchisor have a troubled legal history?** | Items 3 and 4 tell you whether the franchisor or its management have been involved in material litigation or bankruptcy proceedings. |
| **What's it like to be an 2 Hours of Freedom 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*

**Continued 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.

**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 franchised 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 on Exhibit A.

## Special Risks to Consider About *This* Franchise

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

1. **Out-of-State Dispute Resolution.** The franchise agreement requires you to resolve disputes with the franchisor by arbitration and/or litigation only in Illinois. Out-of-state arbitration or litigation may force you to accept a less favorable settlement for disputes. It may cost more to arbitrate or litigate with the franchisor in Illinois than in your own state.
2. **Financial Condition.** The franchisor's financial condition, as reflected in its financial statements (see Item 21), calls into question the franchisor's financial ability to provide services and support to you.

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

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## EXHIBITS

A. List of State Agencies/Agents for Service of Process
B. Franchise Agreement
C. Financial Statements
D. Franchisee Acknowledgement Questionnaire
E. Table of Contents for Operations Manual
F. List of Franchisees
G. Confidentiality and Nondisclosure Agreement
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I. State Effective Dates
J. Receipts

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

### Franchisor, Predecessors, Parents and Affiliates

We are a limited liability company organized in Illinois on July 1, 2025. Our principal place of business is 1613 W. Colonial Parkway, Inverness, Illinois 60067. We do business under our entity name and under the names "2 Hours of Freedom" and "2H." We have been offering 2 Hours of Freedom franchises since July 2025.

We do not have a parent company. We have no predecessors.

Our affiliate is 2 Hours of Freedom Inc. ("Affiliate"). 2 Hours of Freedom Inc. developed the 2 Hours of Freedom System and has granted us license to use and to sublicense the service marks, trademarks, logos and designs and the intellectual property relating to the 2 Hours of Freedom System. Our affiliate is the designated supplier of play socks, branded merchandise, and uniforms. Our Affiliate previously operated a business similar to the franchised businesses offered under this Disclosure Document from July 2023 to February 2026, our Affiliate sold the business to a franchisee.

The principal business address of 2 Hours of Freedom Inc. is 1613 W. Colonial Parkway, Inverness, Illinois 60067.

We have no affiliates which are offering franchises in any line of business.

### Agents for Service of Process

Our agents for service of process are identified by state in Exhibit A to this Franchise Disclosure Document.

### The Business We Offer

2 Hours of Freedom Businesses offer indoor play areas and a concession stand for children ages 2 to 12 years and their caretakers, and offer membership packages, party packages, and special group and fundraising events (the "2 Hours of Freedom Business" or "Franchised Business").

You must sign our franchise agreement (the "Franchise Agreement"), a copy of which is attached as Exhibit B to this Franchise Disclosure Document. We will grant a franchise to qualified candidates for the operation of a 2 Hours of Freedom Business. We are not presently engaged in business activities other than the development of the System and the offer, sale and support of the franchisees of the System.

### Market Competition

As a whole, the market for the products and services such as those offered by 2 Hours of Freedom Businesses is competitive and well developed. The children's entertainment industry is highly competitive and is often affected by current entertainment habits of the public, by local and national economic conditions affecting spending habits and by population and traffic patterns. Sales are not seasonal. You will face competition from independent businesses, other franchise systems and national companies offering similar products and services as your 2 Hours of Freedom Business.

**Regulations**

In addition to laws and regulations that apply to businesses generally, your 2 Hours of Freedom Business is subject to federal, state and local laws, regulations and guidelines governing the children's entertainment industry. In addition, you must operate in compliance with Payment Card Industry Data Security Standards and applicable data privacy laws. You must investigate all applicable laws and regulations and are solely responsible for complying with all applicable laws and regulations.

## ITEM 2
## BUSINESS EXPERIENCE

**Jeffrey Anderson**

Mr. Anderson has been our President since our inception in July 2025. He has also served as President of 2 Hours of Freedom Inc. since January 2023. Additionally, he has served as Vice President of G&J Accounting Inc. since February 2008.

**Alyona Foca**

Ms. Foca has been our Vice President of Operations since our inception in July 2025. She has served as General Manager of 2 Hours of Freedom Inc. from January 2023 to February 2026. From September 2022 to December 2022, she served as Chief Operations Officer of Napoleonyx Transport in Barrington, Illinois. From June 2021 to September 2022, she served as Chief Operations Officer of AVH Express in Palatine, Illinois. From February 2020 to June 2021, she served as Safety Manager of JA Freight Services in Schaumburg, Illinois.

## ITEM 3
## LITIGATION

No litigation is required to be disclosed in this Item.

## ITEM 4
## BANKRUPTCY

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

## ITEM 5
## INITIAL FRANCHISE FEE

**Initial Franchise Fee**

The Initial Franchise Fee for a franchise granting the right to open one 2 Hours of Freedom Business is $40,000.00. We offer a discounted Initial Franchise Fee of $30,000.00 to current franchisees purchasing

additional franchises. The Initial Franchise Fee is due in full upon your execution of the Franchise Agreement. The Initial Franchise Fee is non-refundable.

In our fiscal year ended December 31, 2025, we waived the Initial Franchise Fee for our first franchisee.

**Initial Inventory – Play Socks**

Prior to opening for business, you must purchase an initial inventory of play socks from us. The cost of an initial inventory of play socks will range from $7,000 to $14,000. The cost of the play socks is due in cash in full when ordered, and is considered fully earned and nonrefundable upon payment.

**Initial Inventory – Branded Merchandise**

Prior to opening for business, you must purchase an initial inventory of branded inventory from us. The cost of the initial inventory of branded merchandise will range from $2,000 to $3,000. The cost of the branded merchandise is due in cash in full when ordered, and is considered fully earned and nonrefundable upon payment.

*The remainder of this page has been left blank intentionally.*

**ITEM 6**
**OTHER FEES**

Franchise Agreement

| Type of Fee | Amount | Due Date | Remarks |
|---|---|---|---|
| Royalty | 6% of monthly Gross Sales.(1) | Payable monthly, on the 10th of each month for Gross Sales during the preceding month. | We will charge this fee via an authorized ACH payment. |
| National Advertising Fund | Up to 1% of monthly Gross Sales(1); currently not collecting. | Payable each week for Gross Sales during the preceding week. | We will charge this fee via an authorized ACH payment along with royalties. We will give you 60 days' advance notice before any increase or decrease in the required contribution amount. |
| Local Advertising | 1% of monthly Gross Sales.(1) | As incurred by you. | Currently paid only to third parties, but we reserve the right to become a designated supplier for local advertising. |
| Transfer Fee | 50% of the then-current Initial Franchise Fee, not to exceed $30,000.<br><br>$10,000 non-refundable deposit on the transfer fee due when you request our consent on the proposed transfer.<br><br>$3,000 for a transfer among existing shareholders, partners or members of Franchisee entity. | $10,000 non-refundable deposit on the transfer fee due when you request our consent on the proposed transfer. Balance upon the transfer of your Franchise to transferee. | Payable when you transfer the franchise, an interest in Franchised Business, the assets of Franchised Business or an interest in the franchisee. |

| Type of Fee | Amount | Due Date | Remarks |
|---|---|---|---|
| Technology Fee | Up to $250 per month; current not assessed. | Payable monthly, on the 10th of each month. | Up to $250 per month with the right to increase the maximum fee by 10% annually.<br><br>Paid by EFT.<br><br>60 days prior notice before we begin collecting, increase or modify the fee currently charged or before imposing an annual increase in the Maximum Technology Fee. |
| Successor Franchise Fee | 25% of the then-current initial franchise fee, not to exceed $15,000. | Prior to the signing of your successor franchise agreement. | Payable if we approve you to acquire a successor franchise for your 2 Hours of Freedom Business. |
| Relocation Fee | Actual costs incurred by us, not to exceed $5,000. | As incurred. | Payable if we approve of the relocation of your 2 Hours of Freedom Business. |
| Interest on Late Payments | Highest rate of interest permitted by law not to exceed 1.5% per month. | As incurred. | This interest rate applies to any money you owe us or our affiliate that is more than 7 days overdue and will accrue until the amounts are paid in full. Interest is in addition to service and NSF charges. |
| Service Charges and Non-Sufficient Funds Fee | $50 | Upon demand. | Payable if an ACH transaction is not honored. |
| Additional Operating Assistance | $400 per trainer per day, plus travel and living expenses | As incurred. | Paid to us if you request additional assistance or if we require additional training in the event your business is operating below required standards.<br><br>The daily rate is subject to increase, up to a maximum of $650 per trainer per day, plus trainer's travel and living expenses. |

| Type of Fee | Amount | Due Date | Remarks |
|---|---|---|---|
| Additional Trainees Attending the Initial Training Program | $400 per day per attendee | As incurred. | Training is provided for up to 2 people for each phase at no additional cost, provided that they attend the same training program. If additional personnel are to be trained or retraining is required, you must pay an additional training fee. Any costs or expenses associated with your additional owner(s)'s or employee(s)'s attendance of the Initial Training Program will be borne solely by you. |
| Supplemental Education | $400 per day per attendee | As incurred. | Paid to us if we require that your experienced Owners, Designated Manager, Lead Vet Techs or Lead Baristas attend supplemental training programs. Any costs or expenses associated with your owner(s)'s or employee(s)'s attendance of such supplemental training programs will be borne solely by you. |
| Conference/Convention Fee | Up to $500 per required attendee; currently not assessed. | As incurred. | If we hold conferences, your owner(s) may be required to attend any conference for which we determine attendance is mandatory. We may charge you a fee to attend the conference. Any costs or expenses associated with your owner(s)'s attendance of such conferences will be borne solely by you. We will only waive the fee if we grant you an approved absence. |

| Type of Fee | Amount | Due Date | Remarks |
|---|---|---|---|
| System Modifications | Cost of products or services you must purchase in connection with system modification for which we are a designated supplier. | As required. | If we make changes to our franchise system, you must adapt your business to conform to the changes. Examples may include new technology, equipment, software or trade dress updates.<br><br>Costs and expenses may be paid to the franchisor or a third-party supplier that we designate. |
| Indemnification | Costs we incur in the defense of any claim brought against us or in which we are named a party, plus 10% administrative fee; costs we incur arising out of your development and operation of the Franchised Business. See remarks. | As incurred. | You must reimburse us for all our damages, costs, liabilities and expenses incurred by us in the defense of any such claim brought against us or in any such action in which we are named as a party; for any liability, cost or expense we suffer, sustain or incur arising out of or relating to your development and/or operation of your Franchised Business or any of your Owners', Managers', employees', or other agents' acts or failure to act in the operation of the Franchised Business, and all cost, expense or loss we incur in enforcing the provisions of the Franchise Agreement, in defending our actions taken relating to the Franchise Agreement, or resulting from your breach of the Franchise Agreement.<br><br>Costs may include actual and consequential damages, arbitrators', attorneys', accountants' and expert witness fees, costs of investigation and proof of facts, court costs, other litigation expenses and travel and living expenses. |

| Type of Fee | Amount | Due Date | Remarks |
|---|---|---|---|
| Costs and Attorney's Fees | Actual accounting fees, legal fees, expert witness fees, court costs and other expenses of litigation incurred by us. | As incurred | If we prevail in any legal proceeding to enforce the Franchise Agreement, you must pay all actual accounting fees, legal fees, expert witness fees, court costs and other expenses of litigation. |
| Audit Fee | Cost of the examination, including fees charged by attorneys and/or independent accounts and any travel and living expenses incurred. | Immediately upon demand. | You reimburse any costs we incur if the examination was done because you failed to provide required reports or if the examination reveals you understated gross sales by 2% or more. |
| Reimbursement of Taxes | Actual assessed taxes against us based on your operation of the Franchised Business or on any payments you make to us, plus 10% administrative fee. | Upon demand | Only payable if taxes of this type are assessed against us. |
| Reimbursement for insurance costs | Costs and premiums incurred by us on your behalf, plus a 10% administrative fee. | Upon demand. | Payable if we incur costs to purchase insurance for you if you fail to do so. |
| Late Report or Payment Fee | $100 per occurrence. | As incurred. | Due if you fail to submit any report or make any payment on a timely basis. |
| Management Upon Default | $750 per representative per day, plus all travel expenses, room and board and other actual expenses incurred by our representative. | As incurred. | If we provide management services upon your breach of the franchise agreement. |

| Type of Fee | Amount | Due Date | Remarks |
|---|---|---|---|
| Management Upon Death of Incapacity of Franchisee | $500 per representative per day, plus all travel expenses, room and board and other actual expenses incurred by our representative. | As incurred. | If we provide management services upon the request of the executor, administrator or personal representative in the event of the death or incapacity of your owner until the franchise can be transferred. |
| Lost Revenue Damages | An amount equal to 24 times the average Gross Sales[3] of your 2 Hours of Freedom Business during the 12 Monthly Periods immediately preceding the date of termination (or if you have been in business less than 12 Monthly Periods, during the entire period you have been in business) times 6%. | As incurred | Payable if we terminate the franchise agreement with cause or you terminate it without cause. |
| Non-Compliance Charge | $100 per failure to comply with the franchise agreement; may be assessed per day or per incident, whichever is applicable. | Upon demand, after notice of non-compliance delivered | Due if you fail to comply with your obligations under the franchise agreement (e.g., failure to submit reports when due or use of unauthorized product or service). This may be in addition to other remedies we have under the franchise agreement. |

| Type of Fee | Amount | Due Date | Remarks |
|---|---|---|---|
| Broker Fees | Actual cost of brokerage commissions, finder's fees or similar charges incurred by us in connection with a transfer of the franchise, an interest in the Franchised Business, the assets of the Franchised Business or an interest in the franchisee. | As incurred | You must reimburse us for any fees we incur to a third-party or buyer due to the transfer of your Franchised Business(es). |

Notes:

All fees described in this Item that are paid to us or our affiliates, are imposed uniformly and are not refundable under any circumstances once paid. Fees paid to vendors or other suppliers may be refundable depending on the vendors and suppliers. Unless otherwise designated by us, we currently require you to pay fees and other amounts due to us or our affiliates through electronic funds transfer via Automated Clearing House ("ACH") or similar means. You are required to complete the ACH authorization (in the form attached to the Franchise Agreement). We can require an alternative payment method or payment frequency for any fees or amounts owed to us or our affiliates under the Franchise Agreement.

(1) Gross Sales. "Gross Sales" means the total receipts of all money or property of any kind, for or in connection with the services rendered by you at the approved location and any other location, and any products sold, directly or indirectly, in connection with the 2 Hours of Freedom Business. The term shall be deemed to include checks, drafts, money orders, credit card payments, and all other instruments and forms of payment whether or not the same are postdated or are later dishonored or rescinded or payment is stopped thereon. Gross Sales will be deemed received for purposes of this Agreement on the date that payment in whatever form is actually collected and received by the 2 Hours of Freedom Business. The term shall not include applicable sales, use or service taxes collected from customers and paid to the appropriate taxing authority.

*The remainder of this page has been left blank intentionally.*

## ITEM 7
## ESTIMATED INITIAL INVESTMENT

### YOUR ESTIMATED INITIAL INVESTMENT

| Type of Expenditure | Amount-Range Estimated | Method of Payment | When Payable | To Whom Payment is Made |
|---|---|---|---|---|
| Initial Franchise Fee[1] | $40,000 | Lump sum | Upon signing franchise agreement | Us |
| Travel and Living Costs while Training[2] | $1,000 to $6,000 | As arranged | As agreed | Transportation lines, hotels, restaurants |
| Security Deposit and Rent (1st 3 months)[3] | $25,000 to $85,000 | As arranged | As arranged | Lessor |
| Leasehold Improvements and Architectural Fees | $84,000 to $252,000 | As incurred | As agreed | Contractors |
| Signage[4] | $17,000 to $30,000 | As incurred | As agreed | Designated Supplier; Suppliers |
| Inflatables/Attractions[5] | $146,785 to $255,755 | As incurred | As agreed | Designated Supplier |
| Furniture, Fixtures and Equipment[6] | $37,000 to $55,000 | As incurred | As agreed | Approved Suppliers |
| Office Equipment and Supplies | $1,000 to $5,000 | As incurred | As agreed | Suppliers |
| Opening Inventory and Supplies[7] | $13,300 to $18,300 | As incurred | As agreed | Us; Suppliers |

| | | | | |
|---|---|---|---|---|
| Computer System[8] | $6,000 to $10,000 | As incurred | As agreed | Designated Supplier; Suppliers |
| POS System[8] | $3,750 to $5,000 | As incurred | As agreed | Designated Suppliers |
| Computer Software (3 months)[8] | $2,388 to $4,638 | As incurred | As agreed | Designated Suppliers |
| Professional Services[9] | $4,000 to $11,000 | As incurred | As agreed | Accountants, attorneys, other advisors |
| Licenses, Permits, and Utility Deposits[10] | $3,000 to $5,000 | As incurred | As incurred | Government Agencies and Utility Vendors |
| Insurance[11] | $6,000 to $15,000 | As incurred | As arranged | Insurance company |
| Initial Launch Marketing[12] | $5,000 | As incurred | During the 4 weeks prior to and 30 days after opening | Suppliers |
| Additional Funds (for 3 months of operation) [13] | $59,400 to $90,000 | As incurred | As incurred | You determine |
| TOTAL ESTIMATED INITIAL INVESTMENT[14] | $465,623 to $892,693 | | | |

These estimated initial expenses are our best estimate of the costs you may incur in establishing and operating your 2 Hours of Freedom Business. We do not offer direct or indirect financing for these items. None of the fees payable to us are refundable. Fees paid to vendors or other suppliers may or may not be refundable depending on their policies or your arrangements with them.

(1) Initial Franchise Fee. Your Initial Franchise Fee is $40,000 and is payable in full when you sign the Franchise Agreement. The Initial Franchise Fee is non-refundable.

(2) Travel and Living Costs While Training. We cover the cost of the initial training program, but you will be responsible for the travel, lodging, meals and other living expenses of your owner(s) and manager while attending the initial training program. At the present time, we

provide initial training of approximately 5 to 7 days for up to 3 people. The Operating Owner, Designated Manager and an assistant manager must attend initial training. We provide training at our affiliate-owned 2 Hours of Freedom Business located in the Buffalo Grove, Illinois area, or such other location we may select from time to time. These amounts do not include any fees or expenses for training any other personnel. There is no charge for the first 3 attendees per phase; however, there is currently a $400 per-attendee per day initial training charge for each additional attendee.

(3) Lease Deposit; Rent. These figures presume that you will be leasing your premises. Generally, you will need to lease a site of approximately 11,000 to 17,000 square feet. We may allow or require variations to this size under certain circumstances. Your landlord will typically require a security deposit equal to one or two months' rent and may, in addition, require payment in advance of the first and/or last (or more) month's rent. These figures provide the estimated amount of the security deposit for a location meeting our typical size requirements. The expense of leasing will vary depending upon the size of the premises, its location (for example, downtown, mall, suburban or rural), landlord contributions and the requirements of individual landlords. The lease rental payments shown in the charts above includes 3 months' rent for your initial period of operation. We have not included estimates for purchasing the site for the 2 Hours of Freedom Business as we recommend that you lease your premises.

(4) Signage. This range includes the cost of all signage used in your 2 Hours of Freedom Business. The signage requirements and costs will vary based upon the size and location of the approved location, local zoning requirements, Landlord requirements, and local wage rates for installation.

(5) Inflatables/Attractions. You must purchase and/or lease and install the Inflatables/Attractions necessary to operate your 2 Hours of Freedom Business from a designated supplier. The cost of the Inflatables/Attractions will vary according to local market conditions, the size of the premises, suppliers and other related factors.

(6) Furniture, Fixtures and Equipment. You must purchase and/or lease and install furniture, fixtures and equipment and décor necessary to operate your 2 Hours of Freedom Business from an approved supplier. The cost of the furniture, fixtures and equipment will vary according to local market conditions, the size of the premises, suppliers and other related factors.

(7) Initial Inventory. Initial inventory consists of various food products, beverages, paper products, and other supplies utilized in operating the 2 Hours of Freedom Business, as well as other merchandise or products sold in the 2 Hours of Freedom Business. The initial inventory expenditure could vary due to factors such as anticipated sales volume, commodity costs, distribution fees and inflation.

(8) Computer System. You must purchase the computer equipment, hardware and software necessary for opening your 2 Hours of Freedom Business. We currently require you to purchase and use: Roller Software for POS and venue management; Microsoft 365 for word processing and spreadsheets, and QuickBooks Online for accounting and payroll. We will train you on the use of Roller Software as part of our initial training program. You may, but are not required to, purchase and attend additional online user training directly from Roller Software. The higher estimate includes the estimated cost of this third-party training (currently $1,500).

(9) Professional Fees. This estimate includes legal fees, accounting services and other professional services you engage.

(10) Business Licenses and Permits. In limited circumstances, we may approve of you selling alcoholic beverages at your 2 Hours of Freedom Business. The higher amount includes an estimate for obtaining an alcohol license.

(11) Insurance. The insurance you must maintain is described in Item 8. Our estimate does not include other insurance policies you may have to maintain under the terms of your lease or as may be required by other third parties. The unearned portions of the insurance premiums are generally refundable depending on your carrier.

(12) Initial Launch Marketing and Promotions. You must conduct an advertising and marketing campaign to promote the initial launch of your 2 Hours of Freedom Business and spend a minimum of $5,000, with $3,500 spent during the 4 weeks leading up to opening for business and $1,500 spent in the 30 days after opening. We may recommend (but not require) you spend more if you will be the first 2 Hours of Freedom Business in the market.

(13) Additional Funds (for 3 months of operation). This is an estimate of your additional funds requirements for the first 3 months of operations, based on our affiliates' experience of opening and operating a 2 Hours of Freedom Business. The estimated range for necessary additional funds for the first 3 months is as shown in the charts above, and includes general operating expenses, such as supplies, food and beverage products, packaging, payroll, payroll expenses, royalties, advertising, utilities, insurance, pest control, security, repairs, maintenance and complimentary sales and other costs. It does not include paying yourself. Your actual cost will depend on factors including without limitation your management skill, experience and business acumen, local economic conditions, the local market for your 2 Hours of Freedom Business, wage and labor rates, competition in the marketplace, the local market for your products and the sales level reached during the start-up phase. These amounts do not include any estimates for debt service.

(14) Totals. We relied on our experience and our owner's over 2 years of experience operating an 2 Hours of Freedom Business to compile these estimates. Except as otherwise noted, none of these payments are refundable. You should review these figures carefully with a business advisor, accountant or attorney before making any decision to purchase a Franchise. We do not offer any financing for your initial investment. The availability and terms of financing with third-party lenders will depend on factors such as the availability of financing generally, your credit-worthiness and policies of lending institutions concerning the type of business to be operated.

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

Required Purchases and Designated and Approved Suppliers

We may develop certain proprietary and/or branded products, materials, supplies, apparel, or other items branded with the Marks ("Proprietary Products") for use or sale in your Franchised Business. If we do develop Proprietary Products, you may be required to purchase the Proprietary Products from us or a supplier we designate.

You must purchase your point-of-sale (POS) system, word processing software, accounting software, inflatables, branded merchandise, play socks, and interior banners from designated suppliers. We are currently the only designated supplier for branded merchandise and play socks.

You must purchase fixtures, furniture, equipment, cleaning supplies, other supplies, and certain other services from approved suppliers and/or that meet our standards and specifications. Currently neither we nor our affiliate is an approved supplier of any products or services. Generally, we do not require you to use the services of a third party accounting firm. However, we may require you to use an approved third party accounting firm if you do not maintain our accounting and reporting standards.

We will provide you with the specifications and standards and lists of approved or recommended suppliers and approved supplies in the Operations Manual or otherwise in writing or by electronic communication. These specifications and standards relate to product quality, consistency, reliability, frequency of delivery, financial capability, labor relations and customer relations.

We may modify the list of approved product types, brands and/or suppliers, and you may not, after receipt in writing of any modification, reorder any product type or brand or reorder from any supplier which is no longer approved. If you propose to use any of type or brand of fixtures, furniture, equipment, signs or supplies, and/or suppliers which are not then approved, you must first notify us and submit sufficient information, specifications and samples concerning such product type or brand and/or supplier as we request for our determination of whether the product complies with our specifications and standards and/or the supplier meets our approved supplier criteria. We will notify you of whether or not the proposed brand and/or supplier is approved within 30 days of submission of all required information. Our criteria for approving suppliers is not available to franchisees. If we later revoke the approval of a brand or supplier previously approved, we will notify you in writing and you must then cease making purchases of the brand or from the supplier.

In addition to purchases or leases discussed above, you must maintain, at your expense, the insurance coverage we require and must meet the other insurance related obligations in the Franchise Agreement. All required insurance policies must be issued by one or more insurance carriers acceptable to us and must name us as an additional insured. Currently the following is required:

| Coverage Types | Required Limits of Coverage |
|---|---|
| General Liability | $2 million aggregate<br>$1 million per occurrence |
| Business Automobile Liability (owned and non-owned) | $1 million combined single limit per accident<br>As required by state law |
| Umbrella Liability | $1 million per occurrence combined single limit<br>For bodily injury and property damage in excess of the limits of coverage provided under commercial general liability, and the employers liability section of the workers' compensation policy, if applicable |
| Employer's Liability and Worker's Compensation | As required by state law |
| Other Insurances | As required by local, state or federal laws; or by the landlord |

You must obtain any additional insurance and/or higher minimum limits as we may reasonably require during the franchise term.

Other than our affiliate, none of our officers owns any ownership interest in an approved or designated supplier.

The cost of all purchases from designated suppliers, approved suppliers or following our standards and specifications represents 50% to 60% of your total purchases in establishing your franchise, and 30% to 35% of your total purchases in operating the franchise.

In our fiscal year ended December 31, 2025, neither we nor our affiliate derived revenue from the purchase of goods and services by our Franchisees.

We do not currently receive payments from approved suppliers with respect to your purchases. We do not have any purchasing or distribution cooperatives as of the date of this Franchise Disclosure Document. We do not currently negotiate purchase arrangements with other suppliers and distributors for the benefit of our franchisees. You will receive no material benefits based on your purchases from approved suppliers. However, you must comply with the requirements to purchase from designated or approved suppliers to be in compliance with your Franchise Agreement.

## ITEM 9
## FRANCHISEE'S OBLIGATIONS

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

| Obligation | | Section in Franchise Agreement | Disclosure Document Item |
|---|---|---|---|
| a. | Site selection and acquisition/lease | Sec. 4.C., D., E. | Item 11 |
| b. | Pre-opening purchases/leases | Sec. 4.C., D., E., F., G. | Items 5 and 7 |
| c. | Site development and other pre-opening requirements | Sec. 4.C., F., G., H., I. | Items 5, 6, 7, 8 and 11 |
| d. | Initial and ongoing training | Sec. 5.A., B., C., D., E., F., G. | Item 11 |
| e. | Opening | Sec. 4.H. | Items 8 and 11 |
| f. | Fees | Sec. 3.C., 4. B., C., D., I., 5. B., C., D., E., G., 8.C., 9.A., B., C., D., E., F., G., H., I., 10.D., J., K., L., 11. B., D., 12.C., 13.C., D., E., G., 14.C., D., E., 16.C., 17.I., J., Q., | Items 5 and 6 |

| Obligation | | Section in Franchise Agreement | Disclosure Document Item |
|---|---|---|---|
| g. | Compliance with standards and policies/Operating Manual | Sec. 5.H., 10.A., B., C., D., E. | Items 8 and 11 |
| h. | Trademarks and proprietary information | Art. 6., Sec. 7.A., B., 10.K., 14.A., 15.B., C., | Items 13 and 14 |
| i. | Restrictions on products/services offered | Sec. 5.H., 10.A., C, D., E., K., M. | Item 16 |
| j. | Warranty and customer service requirements | Sec. 10.A., B., C., D., E., F., G., | Item 11 |
| k. | Territorial development and sales quotas | 2.B. | Item 12 |
| l. | Ongoing product/service purchases | Sec. 9.B., C., G., 10.B., C., D., E., I., J., K., L. | Item 8 |
| m. | Maintenance, appearance and remodeling requirements | Sec. 10.B. | Item 11 |
| n. | Insurance | Sec. 10.J. | Item 8 |
| o. | Advertising | Sec. 6.B.,C., Art. 11 | Item 11 |
| p. | Indemnification | Sec. 4.B., 8.C., 10.L., 14.C. | Item 6 |
| q. | Owner's participation/management/staffing | Sec. 4.A., B., I., 10.H., I. | Item 15 |
| r. | Records/reports | Article 12 | Item 11 |
| s. | Inspections/audits | Sec. 4.E., 5.F., 6.F., 10.D., 10.J., 12.C | Item 8 |

| Obligation | | Section in Franchise Agreement | Disclosure Document Item |
|---|---|---|---|
| t. | Transfer | Art. 13 | Item 17 |
| u. | Renewal | Art. 3 | Items 6 and 17 |
| v. | Post-termination obligations | Art. 15 | Item 17 |
| w. | Non-competition covenants | Sec. 7C., Art. 16 | Items 14, 15 and 17 |
| x. | Dispute resolution | Art. 17 | Item 17 |
| y. | Other: Guaranty | Exhibit 2 | None |

## ITEM 10
## FINANCING

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

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

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

Before you open your Franchised Business

1. We will provide you written notice of preliminary approval or disapproval of a proposed site within 10 business days of receiving your request and all necessary documents. The factors that we may consider in determining whether a proposed location for the 2 Hours of Freedom Business is approved include demographic characteristics, traffic patterns, characteristics of the neighborhood, nearby retail establishments, competition in the area, and parking. You must obtain our final approval of your location for your 2 Hours of Freedom Business and have secured a lease for the location within 6 months of signing the franchise agreement. If you fail to do so, your franchise can be terminated by us. (Franchise Agreement, Section 4.C)

4. We will furnish you with plans and specifications reflecting our requirements for interior layout, design, decoration, fixtures, furniture, equipment and signs for your Location. We do not deliver or install the fixtures, furniture, equipment, and signs. You must obtain our approval of any variation from our plans and specifications necessary to comply with applicable ordinances, building codes, permit requirements, and lease requirements. (Franchise Agreement, Section 4.E.).

5. We will provide standards and specifications and list of approved suppliers for purchasing furniture, fixtures, equipment, computer systems, signs, and other materials and supplies necessary for a Franchised Business to begin operations. (Franchise Agreement, Sections 4.G., 10.D. and 10.E.) We neither deliver nor install these items.

6. We will determine that you have met the requirements to open for business and issue a written consent to open (Franchise Agreement, Section 4.H.)

7. We will provide you access to an electronic copy of the Operations Manual (described below). (Franchise Agreement, Section 5.H.)

8. We will provide initial training to your Owners, Designated Managers, and assistant managers (Franchise Agreement, Section 5.B.). This training will be described in detail later in this item.

9. Around the time of opening of your 2 Hours of Freedom Business, we will send 1 of our representatives to your Territory to provide on-site start-up assistance at the Location for up to 5 days. If we require or you request additional on-site start-up assistance, we will provide the additional assistance at your expense. (Franchise Agreement, Section 5.C.)

During your operation of Franchised Business

1. We provide guidelines regarding the Initial Launch Marketing that you must conduct during the 4 weeks prior to opening and your first 30 days of operation. (Franchise Agreement, Section 11.B.)

2. We furnish you with guidance and assistance in the operation of your Franchised Business as we deem appropriate. Operating assistance may consist of advice and guidance with respect to sale of products and provision of services, and any changes in the authorized services and products; recommended pricing; purchasing requirements; advertising and promotional programs; administrative, bookkeeping, accounting, sales and general operating procedures; and employee training programs. This guidance will be furnished in the Operations Manual (defined below), lists of approved suppliers, other written materials, electronic communication, consultations by phone, webinars and/or consultations at our office or at your Franchised Business. (Franchise Agreement, Section 5.F.)

3. Upon your request, we will send a representative to your Location to provide additional guidance and assistance for a fee. The daily rate for additional operating assistance is $400 per representative, plus travel and living expenses. We may require this additional guidance and assistance if you are not operating your Franchised Business in compliance with the Franchise Agreement. (Franchise Agreement, Sections 5.G.)

4. During the term of the Franchise Agreement, we provide you access on a web platform to an operating and procedures manual (the "Operations Manual"), containing mandatory and suggested specifications, standards and operating procedures prescribed from time to time by us for Franchised Businesses and information on other obligations you have under the Franchise Agreement. The Operations Manual may be modified at any time to reflect changes in the System,

including additions to and deletions from authorized products and services, specifications, standards and operating procedures of a Franchised Business and under the Franchise Agreement. The current Table of Contents of the Operations Manual is included as Exhibit E of this Disclosure Document. The total number of pages in the Operations Manual is currently 97. (Franchise Agreement, Section 5.H.)

5. We issue, modify and supplement the services and products authorized for Franchised Businesses, and the standards, specifications and procedures for purchasing and for the operation of Franchised Businesses. (Franchise Agreement, Article 10)

6. We reserve the right to establish, maintain and administer a system-wide brand fund (the "National Advertising Fund") for the creation and development of advertising, marketing and promotional programs as we deem necessary or appropriate to advertise or promote Franchised Businesses. (Franchise Agreement, Section 11.A.) We can require you to contribute up to 1% of Gross Sales to the National Advertising Fund. We and our affiliates are not obligated to contribute to the National Advertising Fund, although we may do so in our discretion.

We generally do not own the location for the 2 Hours of Freedom Business and lease it to you.

We will direct all advertising, marketing and promotional programs financed by the National Advertising Fund, with sole discretion over the creative concepts, materials, and endorsements used in them, and the geographic, market, and media placement and allocation of the programs. The National Advertising Fund may be used to pay the costs of preparing and producing video, audio, written and electronic advertising materials; administering national, regional or local advertising and promotional programs including, without limitation, direct mail, social media and other media advertising; establishing and maintaining a website for the franchise system; supporting public relations, market research and marketing activities; providing advertising, marketing and promotional materials or content to the 2 Hours of Freedom franchises; employing advertising or public relations agencies to assist in any of the activities of the National Advertising Fund; and other brand development activities.

The National Advertising Fund will be a separate and distinct account and will be accounted for separately from our other funds and will not be used to defray any of our general operating expenses, except for any reasonable salaries, administrative costs and overhead we may incur in activities reasonably related to the administration of the National Advertising Fund and its advertising, marketing and promotional programs (including, conducting market research, preparing advertising, marketing and promotional materials, establishing and maintaining a website for Franchised Businesses, establishing and maintaining technology for use in the operation of the Franchised Businesses, and collecting and accounting for contributions to the National Advertising Fund). We may spend in any fiscal year an amount greater or less than the total contribution of Franchised Businesses to the National Advertising Fund in that year. We may cause the National Advertising Fund to borrow from itself or other lenders to cover deficits of the National Advertising Fund or cause the National Advertising Fund to invest any surplus for future use by the National Advertising Fund. All interest earned on monies contributed to the National Advertising Fund will be used to pay advertising, marketing and promotional costs of the National Advertising Fund before other assets of the National Advertising Fund are expended.

We will prepare an annual statement of monies collected and costs incurred by the National Advertising Fund and will furnish it to you on written request. There is no requirement that the National Advertising Fund be audited.

The National Advertising Fund is intended to maximize recognition of the Marks and patronage of Franchised Businesses. Although we intend to use the National Advertising Fund to develop advertising, marketing and promotional materials, and to place advertising in a manner that will benefit all Franchised Businesses, we have no obligation to ensure that expenditures by the National Advertising Fund in or affecting any geographic area are proportionate or equivalent to contributions to the National Advertising Fund by Franchised Businesses operating in that geographic area or that any Franchised Business will benefit directly or in proportion to its contribution to the National Advertising Fund from the development of advertising, marketing and promotional materials or the placement of advertising. Contributions to the National Advertising Fund will not be used principally to solicit new franchise sales. We assume no direct or indirect liability or obligation to you with respect to the maintenance, direction or administration of the National Advertising Fund. We have the right to discontinue or reestablish the National Advertising Fund. If the National Advertising Fund is discontinued, all amounts remaining in the National Advertising Fund on the date of discontinuance will be distributed to franchisees in proportion to their respective contributions for the most recent 12 months.

Since we have not yet established the National Advertising Fund, we did not use National Advertising Funds in the fiscal year ended December 31, 2025.

We currently do not have an advertising council of franchisees that advises us on advertising policies.

There are no cooperatives currently in existence. We may approve the establishment of a local or regional advertising cooperative consisting of franchisees in a certain area for purposes of developing cooperative local or regional advertising or promotional programs. The area covered by the cooperative will be determined by us. The members of the cooperative will determine what advertising and promotional programs it will undertake, subject to our prior approval, and you must contribute to the advertising cooperative the amount and in the manner determined by a majority of the cooperative. Payments you make to the cooperative are credited toward your local advertising expense requirement. The members of the cooperative are responsible for the administration of the cooperative and each Location (whether franchised or owned by us or an affiliate) will have one vote. The cooperative does not have to operate from written governing documents and does not have to prepare annual or periodic financial statements. We have the power to form, change, dissolve or merge cooperatives. Locations owned and operated by us or our affiliates will be members of any cooperative covering their area and will contribute in the same manner as other members. There are no cooperatives currently in existence.

No later than 14 days prior to use, you must submit to us samples of all local marketing, advertising and promotional materials, programs and information and content for your webpage (linked to our website), any listing on the Internet or any information to be displayed on any social media site not prepared or previously approved by us must be submitted to us for approval. If we have not approved any submitted advertising within 10 calendar days, it will be deemed

disapproved. You may not use any marketing, advertising or promotional materials, programs, information or content that we have disapproved. (Franchise Agreement, Section 11.E.)

Computer System

You must purchase and use the computer systems (software and the hardware to support it) and other technology requirements that we require for use at your Location. The required computer system includes Point-of-Sale (POS) System and venue management software from Roller Software, word processing and spreadsheets software from MS Office 365, accounting and payroll software from QuickBooks Online, and the hardware to support these programs. The initial cost of purchasing the required computer system is $7,320 to $13,750, which includes $1,320 to $3,750 in initial fees paid to Roller Software for the purchase of required credit card terminals. You will pay a monthly fee for Roller Software (estimated at $750 to $1,000 per month, depending on which options you choose), MS Office 365 (estimated at $13 per month), and QuickBooks Online (estimated at $125 per month plus $6.50 per month per active employee).

We can require you to upgrade your computer system at any time. There are no limits under the Franchise Agreement on the number of times you must upgrade or substitute software or hardware on the amount you may be required to spend on these upgrades or substitutions. We have the right to independently access your computer system to retrieve information regarding the operations of your Franchised Business and there are no limitations under the Franchise Agreement on our right to access.

You must have high-speed Internet and maintain an e-mail account for use in operating your Franchised Business, for communication with us and for access to our franchise internet. We may require you to use an e-mail account designated by us.

We have no obligation to provide ongoing maintenance, support or upgrades to the required computer system. You must obtain and pay for your own technical support for the computer system. The estimated annual cost to maintain the POS and computer systems is $1,500 to $3,500. The high amount assumes that you will enter into a computer maintenance contract. You are also responsible for protecting your POS and computer systems from viruses, computer hackers and other computer-related and technology-related problems.

You must comply with all laws related to the operation of your 2 Hours of Freedom Business, including those related to data security and privacy and you must comply with all payment card industry (PCI) data security standards. We do not currently estimate you will incur additional costs for compliance because compliance is included in the ongoing costs of the POS system we currently require.

Typical Length of Time for Opening

We estimate that the length of time between the signing of the Franchise Agreement and the opening of your Franchised Business will be 4 to 10 months, depending on the amount of time it takes to secure an approved location for your Location, to complete build-out of the Location, to complete the initial training program, and other factors.

You may not open your Location for business until: (1) you have secured an approved location for your 2 Hours of Freedom Business and installed all fixtures, furniture and equipment,

including computer systems in accordance with list of approved suppliers and our purchasing standard and specifications; (2) your Owners and Designated Managers have completed the initial training program to our satisfaction; (4) you have furnished us with evidence of the required insurance coverage; (5) you have furnished us with evidence that you have met all licensing requirements applicable to the 2 Hours of Freedom Business; (6) you have established an entity to operate the 2 Hours of Freedom Business; and (7) we have provided you with written consent to open. You must complete these opening requirements and begin operation of your Location within 12 months of the date of signing the Franchise Agreement.

Training

Before your Franchised Business opens, your Owners must attend and complete to our satisfaction, our initial training program on the operation of a Franchised Business. The Initial Training Program will last a total of approximately 5 to 7 days. Initially, we expect to conduct initial training classes as needed. You must complete our initial training program at least 2 weeks prior to opening your 2 Hours of Freedom Franchised Business. In addition, you will be responsible for all compensation, travel, lodging and other living expenses incurred by your Owners, Designated Managers, and assistant managers while attending training.

If we determine during a training program that your Owners, Designated Managers, or assistant managers are not qualified to manage a Franchised Business, we can require the Owners, Designated Managers, and assistant managers to attend and successfully complete additional training for an additional fee or we can terminate your franchise, effective upon delivery of written notice to you.

*The remainder of this page has been left blank intentionally.*

As of the date of this Disclosure Document, we provide the following initial training:

**INITIAL FRANCHISE TRAINING**

| SUBJECT | HOURS OF CLASSROOM TRAINING | HOURS OF ON-THE-JOB TRAINING | LOCATION |
|---|---|---|---|
| 2 Hours of Freedom Goals and Values | 1 | 0 | Buffalo Grove, IL |
| Park Operations and general overview | 1 | 2 | Buffalo Grove, IL |
| Front Desk responsibilities | 1 | 2 | Buffalo Grove, IL |
| Park Monitors responsibilities | 0.5 | 1 | Buffalo Grove, IL |
| Party Host responsibilities, Party Procedures | 1 | 4 | Buffalo Grove, IL |
| Concession/Merchandise Sales | 0.5 | 0.5 | Buffalo Grove, IL |
| Opening and Closing Processes | 1 | 2 | Buffalo Grove, IL |
| All Staff/Team cleaning and sanitation procedures | 1 | 2 | Buffalo Grove, IL |
| Group Events and Fundraising Event Processes | 1 | 1 | Buffalo Grove, IL |
| Incident and Emergency Response Procedures | 1 | 1 | Buffalo Grove, IL |
| Guest Experience | 0.5 | 1 | Buffalo Grove, IL |
| Manager responsibilities | 2 | 4 | Buffalo Grove, IL |

| | | | |
|---|---|---|---|
| POS Training (ROLLER system) | 5 | 2 | Buffalo Grove, IL |
| Park Repairs and Maintenance | 1 | 2 | Buffalo Grove, IL |
| Marketing and Community Involvement | 1 | 1 | Buffalo Grove, IL |
| **TOTALS:** | **18.5** | **25.5** | |

The training will be conducted by Jeffrey Anderson and Alyona Foca, as well as others we designate.

Jeffrey Anderson is our President. He has owned a 2 Hours of Freedom Business since 2023 and has 2 years' experience in the subjects taught. Alyona Foca is our Vice President of Operations. She has managed a 2 Hours of Freedom Business since 2023 and has 2 years' experience in the subjects taught.

All trainers will have at least 1 year of experience in the subjects taught.

Currently the instructional materials for the initial training program are the Operations Manual.

If you want to have more Owners, Designated Managers, or assistant managers (up to 3 attendees per phase at no fee) trained by us when you attend the initial training program or if you want to send new or additional Owners, Designated Managers, or assistant managers to training after you attend the initial training program, we will provide this training for $400 per day per attendee, provided training space is available. You are responsible for all travel and living expenses and wages incurred by your Owners, Designated Managers, and assistant managers who attend training. (Franchise Agreement, Section 5.B.)

Approximately 2 days prior to the opening of your 2 Hours of Freedom Business, we will send 1 of our representatives to your Territory to provide on-site start-up assistance at the Location for up to 5 days. If you request or we require additional on-site start-up assistance, we will provide this assistance for $400 per representative per day. If we provide additional on-site start-up assistance, you are responsible for all travel and living expenses incurred by our representative in traveling to your Territory. (Franchise Agreement, Section 5.C.)

We may offer and we may require your Owners, Designated Managers, and assistant managers to attend supplemental training, seminars, programs, regional franchise meetings, teleconferences, or webinars during the term of the franchise at times and places we designate. We will provide this supplemental training for $400 per attendee per day. You will be responsible for your and your employees' travel and living expenses. (Franchise Agreement, Section 5.D.)

We may periodically hold national, regional, or local conferences for all franchisees. Your Owners and Designated Managers must attend such conferences. We may charge you up to $500 per attendee for such conferences. You must pay the travel and living expenses your Owners and Designated Managers incur in attending such conferences. (Franchise Agreement, Section 5.E.)

At your request, we may provide you, at our discretion, additional guidance and assistance at the Location by one of our representatives. Additionally, in the event that you are not operating your 2 Hours of Freedom Business in compliance with the standards, specifications and operating procedures set forth in this Agreement or in the Operations Manual, we may require additional training for your Operating Owner and Designated Managers at either the Location or other location we designate. In either event, we will charge you $400 per trainer per day for such additional training and assistance and travel expenses for our representative who conducts such training and assistance at your Location. (Franchise Agreement, Section 5.G.)

## ITEM 12
## TERRITORY

Once the site for your 2 Hours of Freedom Business is approved, we will assign a territory ("Territory") for your Franchised Business. The Territory will be a geographic area of at least a 3-mile radius from the approved location, and further defined by demographic information, man-made or natural boundaries, zip codes, political boundaries, or traffic patterns. Once the location of your 2 Hours of Freedom Business is approved the location and the applicable Territory will be filled in at Exhibit 1 to your Franchise Agreement. The following factors will be considered in defining a Territory, in our sole discretion as to the relevance, in addition to population density: geographical boundaries, cultural demographics, household composition and income, population count, age, traffic/trip count, daytime population, competition, housing density, and permit and zoning regulations. We will designate the exact boundaries of the Territory within 15 days after the execution of a lease for the 2 Hours of Freedom Business.

As long as you are not in default under any terms of the Franchise Agreement, we will not establish another franchised, company-owned or affiliate-owned Franchised Business in your Territory.

We reserve the right both within and outside the Territory, to: (i) offer and sell similar services and products using our Marks or other marks through an alternate distribution system, including the Internet or similar electronic media; (ii) establish businesses offering similar services and products that do not use the marks "2 Hours of Freedom," "2H" or associated designs, artwork, and logos; (iii) acquire or be acquired by a company establishing businesses identical or similar to Franchised Businesses; and (v) engage in any other business activities not expressly prohibited by the Franchise Agreement. We are not required to pay you if we exercise any of these rights within your Territory.

The franchise is granted for an 2 Hours of Freedom Business at 1 specific location which must be approved by us. You may not relocate your 2 Hours of Freedom Business without our prior written approval. We will grant you the right to relocate meeting our then current criteria as long as you are not relocating due to your breach of the lease for your 2 Hours of Freedom Business.

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 reserve the right to do so in future, neither we nor our affiliates operate or plan to operate or franchise businesses under a different trademark that will sell goods or services that are the same as or similar to those you will sell.

You may only directly market for customers of the 2 Hours of Freedom Business within the Territory and are prohibited from direct marketing for customers of the 2 Hours of Freedom Business outside of the Territory without our prior written consent, which we may withhold for any reason. You are prohibited from selling any products or services through alternate channels of distribution such as the internet.

You do not receive any options, rights of first refusal, or right to acquire additional franchises under the franchise agreement. You must meet our then-current qualifications for opening another franchise and purchase another franchise to establish another franchised 2 Hours of Freedom Business with additional territory.

## ITEM 13
## TRADEMARKS

We grant you the non-exclusive right and obligation to use the Marks under your Franchise Agreement. You may also use other current or future trademarks to operate your 2 Hours of Freedom Business as we designate from time to time. Our affiliate 2 Hours of Freedom Inc. owns and are using the Marks in connection with 2 Hours of Freedom Businesses and has granted a license to us to use and sublicense the use of the Marks to our franchisees. 2 Hours of Freedom Inc. has applied for and/or obtained a registration for the Marks on the Principal Register of the United States Patent and Trademark Office (the "USPTO"):

| Mark | Registration Date | Registration Number |
|---|---|---|
| 2 HOURS OF FREEDOM (Word Mark) | March 3, 2026 | 8,157,545 |
| 2H (Design Mark) | March 3, 2026 | 8,157,552 |

We intend to file all required affidavits to maintain these registrations.

We derive the right to use the Marks under a License Agreement dated July 1, 2025 ("License Agreement") with our affiliate, 2 Hours of Freedom Inc., the owner of the 2 Hours of Freedom Marks. The License Agreement permits us to license to our franchisees the use of the names and marks "2 HOURS OF FREEDOM" and "2H" and the related design marks, and the Proprietary System developed by and owned by 2 Hours of Freedom Inc. The term of the License Agreement is 20 years, with automatic 10-year renewals, unless 2 Hours of Freedom Inc. provides us a written notice of termination for good cause. We have the non-exclusive right to use the Marks and Proprietary System in connection with the offer and sale of franchises to third parties to own and operate 2 Hours of Freedom Franchised Businesses. 2 Hours of Freedom Inc. may terminate our rights under the License Agreement in the event of our breach. Under the License Agreement we must furnish 2 Hours of Freedom Inc. with specimens of the use of the Marks, including, but not limited to advertising and promotions.

The License Agreements do not limit our or your rights to use the name or the Proprietary System. There are no other agreements currently in effect that significantly limit our or your rights to use the 2 HOURS OF FREEDOM name or the Proprietary System.

Our affiliates will file all required affidavits necessary to maintain these registrations.

There is currently no pending material federal or state court litigation regarding our use or ownership rights in any of our Marks. There are no effective material determinations of the USPTO, the Trademark Trial and Appeal Board, the trademark administrator of any state, or any court, and no pending infringement, opposition, or cancellation proceedings or material litigation involving the Marks.

If it becomes necessary or advisable at any time, in our sole discretion, for us and/or you to modify or discontinue using any Mark and/or use one or more additional or substitute trademarks or service marks, you must comply with our directions within 120 days after receiving notice. We will not reimburse you for your direct expenses of changing signage, for any loss of revenue or other indirect expenses due to any modified or discontinued Mark, or for your expenses of promoting a modified or substituted trademark or service mark.

You must notify us immediately if you learn about an infringing or challenging use of the Marks. If you are in compliance with the Franchise Agreement, we will defend you against any claim brought against you by a third party alleging that your use of the Marks in accordance with the Franchise Agreement infringes upon that party's intellectual property rights. We may require your assistance, but we will control any proceeding or litigation relating to the Marks. We have no obligation to pursue any infringing users of the Marks. If we learn of an infringing user, we will take the action appropriate, but we are not required to take any action if we do not feel it is warranted. You must notify us immediately if you learn that any party is using the Marks or a trademark that is confusingly similar to the Marks. We have the sole discretion to take such action as we deem appropriate to exclusively control any litigation or administrative proceeding involving the Marks. You must not directly or indirectly contest our right to the Marks. We may acquire, develop and use additional marks not listed here, and may make those marks available for your use and for use by other franchisees.

We do not know of either superior prior rights or infringing uses that could materially affect your use of the Marks in any state.

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

We do not own any patents or patents pending that are material to 2 Hours of Freedom Business. We have not filed for any copyrights, but we claim common law copyright rights over the Manual, all advertising and marketing materials, all menus and the 2 Hours of Freedom website, www.2hoursoffreedom.com. You may use the proprietary information in our Manual, so long as you follow all of the restrictions set forth in the Franchise Agreement. Any printed copies of the Manual or any other materials containing proprietary information must be destroyed or returned to us immediately upon the expiration or termination of your Franchise Agreement.

We also consider certain information, knowledge and know-how concerning us and the System to be trade secrets and proprietary information, including the standards, specifications, management systems, recipes, menus, techniques, financial information (such as product costs and sources of supply), the Manual and business operations and procedures that would, if used by others, give others a substantial competitive advantage presently enjoyed by us.

You may not, without our prior written approval, disclose, use, or permit the use of any part of the Manual or the System except as may be required by law or as authorized in the Franchise Agreement. You must use your best efforts to prevent any employee from using the System and any of the Marks or from operating any business that offers child entertainment services. There currently are no effective determinations of the United States Patent and Trademark Office, the Unites States Copyright Office, or a court regarding any copyrighted materials.

Except in connection with the operation of your 2 Hours of Freedom Business, you must not use any proprietary information or trade secret without our written permission. You must immediately tell us if you learn about unauthorized use of this proprietary information. We are not obligated to take any action, but we will respond to this information as we deem appropriate. We will control any litigation related to the proprietary information. We will indemnify you against losses claimed by a third party concerning your authorized use of this information. Our right to use or license these copyrighted and proprietary materials is not materially limited by any agreement or known infringing use. There are no determinations of any administrative office or any court regarding these copyrighted and proprietary materials.

The Franchise Agreement also requires you to follow all of our security procedures, disclose our proprietary information to your employees only as needed to market our products and services, not use any proprietary information in any other business and exercise the highest degree of diligence to maintain our proprietary information as confidential.

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

We expect only business entities, and not individuals, to operate the Franchised Business. You must designate an Operating Owner who must meet our approval. The Operating Owner must maintain a majority ownership in your entity. The Operating Owner must participate in and complete our Initial Training Program and must have authority to make decisions on your behalf and bind you with respect to matters and agreements between you and us.

Your Location must be managed and supervised by a Designated Manager, who may be the Operating Owner. Your Designated Manager will be responsible for all day-to-day operational decisions affecting your Franchised Business. Your Designated Manager must exert his or her full time best-efforts to the development and operation of your Franchised Business and must attend and complete the Initial Training Program and all other training programs that we require from time to time. The Designated Manager must have the authority to make all day-to-day operations decisions affecting your Franchised Business, and may not engage in any other business activity, directly or indirectly, that requires substantial management responsibility or time commitments or that otherwise interferes with his or her role as your Designated Manager.

Each of your Owners must personally guarantee your obligations under the Franchise Agreement, and must agree to be bound by, and personally liable for the breach of, every provision in these agreements, both monetary obligations and obligations to take or refrain from taking specific actions or to engage or refrain from engaging in specific activities, including the preservation of the confidentiality of our confidential information as defined in the Franchise Agreement and compliance with the covenants not to compete described in the Franchise Agreement. The "Guaranty and Assumption of Obligations" is an exhibit to the Franchise Agreement.

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

You must offer for sale the services and products that we authorize for sale by 2 Hours of Freedom Businesses and must offer them only in the manner we have prescribed. You may not offer for sale or sell any services or products that we have not authorized unless you obtain our prior written approval. We have the right to change (either add or delete) the types of required and/or authorized services and products at any time and there are no limits on our right to do so. You may not use the Location for any purpose other than the operation of the Franchised Business.

You are not limited as to the customers to whom you may sell products and services. You may not sell products or services through other channels of distribution such as wholesale, internet or mail order sales. Otherwise, except as provided in Item 12, we place no restrictions upon your ability to serve customers and we do not impose any restrictions limiting your access to customers.

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

### THE FRANCHISE RELATIONSHIP

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

| PROVISION | SECTION IN FRANCHISE AGREEMENT | SUMMARY |
|---|---|---|
| a. Length of the franchise term | Section 2.A. | Term is for 10 years from date of signing the franchise agreement. |
| b. Renewal or extension of the term | Section 3 | If you are in compliance with the franchise agreement, you can acquire a successor franchise for 1 additional term of 5 years. |
| c. Requirements for franchisee to renew or extend | Section 3 | Compliance with Franchise Agreement during its term, give notice, meet current training requirements, upgrade Location and equipment, sign then-current franchise agreement, you and your owners sign release, and pay renewal fee. The renewal agreement you must sign to renew the franchise may contain materially different terms and conditions than your original franchise agreement. |
| d. Termination by franchisee | Not applicable | Not applicable |
| e. Termination by franchisor without cause | Not applicable | Not applicable |
| f. Termination by franchisor with cause | Sections 14.A. and 14.B. | We can terminate only for cause. |
| g. "Cause" defined – curable defaults | Section 14.B. | You have 10 days to cure defaults in payment or reporting, 3 days to deliver proof of insurance or reimburse company, 10 days to comply with federal, state or local law, default under Location lease within cure period, and 30 days for all defaults not listed in Section 14.B. |

| PROVISION | SECTION IN FRANCHISE AGREEMENT | SUMMARY |
|---|---|---|
| h. "Cause" defined – non-curable defaults | Section 14.A. | Failure to open Franchised Business or satisfactorily compete training in time required, made material misrepresentation or omission in application, abandonment, surrender or failure to operate for 5 or more consecutive days, do not re-instate lapped license for five 5 days, conviction of a felony or engage in immoral, dishonest or unethical conduct, unauthorized transfers, unauthorized use or disclosure of confidential information or Operations Manual, unauthorized use of Marks, having interest in competing business, creation of a threat to public health or safety not corrected within 24 hours, 3 or more defaults in any 12 month period, fail to attend 2 or more conferences. |
| i. Your obligations on termination/ non-renewal | Section 15 | Pay outstanding amounts, cease operating, cease using Marks, return items containing Marks, cancel fictitious names, transfer telephone number and Digital Marketing accounts to us, return of Manual and other confidential information, assignment of lease, de-identification of Location, comply with covenants not to compete, furnish evidence of compliance within 30 days (see also o. and r. below) |
| j. Assignment of contract by franchisor. | Section 13.A. | No restriction on our right to assign. |
| k. "Transfer" by franchisee – definition | Sections 13.B. and 13.D. | Includes transfer of any interest in Franchise Agreement, Franchised Business, a substantial portion of its assets, or ownership change in franchisee entity. |
| l. Franchisor approval of transfer by franchisee | Sections 13.C. | We have right to approve all transfers, but will not unreasonably withhold approval. |

| PROVISION | SECTION IN FRANCHISE AGREEMENT | SUMMARY |
|---|---|---|
| m. Conditions for franchisor approval of transfer | Section 13.C. | You have complied with Franchise Agreement during the term, all amounts due us and our affiliates are paid, transferee entity and owners qualify and complete training, lessor consents to lease assignment, transferee assumes your agreement or signs new agreement (at our option), transfer fee paid, general release signed by you and your owners, we approve terms of transfer and you subordinate buyer's debt to you to our interest in franchise business, and you or transferee remodel the Business Location (see also r below). |
| n. Franchisor's right of first refusal to acquire franchisee's business | Section 13.F. | We can match any offer for your business or an ownership interest in you. |
| o. Franchisor's option to purchase franchisee's business | Section 15.I. | We may within 30 days of termination or expiration purchase certain assets of your Franchised Business at lesser of cost or fair market value. |
| p. Death or disability of franchisee | Section 13.E. | Ownership interest of deceased or disabled owner must be assigned to approved buyer within 6 months or your franchise may be terminated. In the interim, Franchised Business must be operated by a trained manager or manager appointed by us. |
| q. Non-competition covenants during the term of the franchise | Section 7.C. | No involvement in competing business anywhere. |
| r. Non-competition covenants after the franchise is terminated or expires | Section 16.A. | No involvement in a competing business for 2 years within 20 miles of your Territory or territory of any other Franchised Business (same restrictions apply after assignment). |
| s. Modification of the Agreement | Sections 16.B. and 17.L. | Operations Manual and standards and specifications are subject to change. No modifications to the Franchise Agreement except if in writing and signed by both parties. |

| PROVISION | SECTION IN FRANCHISE AGREEMENT | SUMMARY |
|---|---|---|
| t. Integration/merger clause | Section 17.L. | Only terms of the Franchise Agreement (including exhibits, attachments, Operations Manual and other written materials) and representations made in this Disclosure Document are binding.<br><br>Notwithstanding the foregoing, nothing in this or any related agreement is intended to disclaim the express representations made in the Franchise Disclosure Document, its exhibits and amendments. |
| u. Dispute resolution by arbitration or mediation | Sections 17.C. | With a few exceptions, disputes must be mediated before filing a lawsuit. |
| v. Choice of forum | Section 17.F. | Litigation must be in the state in which our principal place business is located (currently Illinois); subject to state law. |
| w. Choice of law | Section 17.F. | Law of the state in which our principal place of business is located, except franchise laws only apply if you meet jurisdictional requirements, subject to state law. |

## ITEM 18
## PUBLIC FIGURES

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

*The remainder of this page has been left blank intentionally.*

## 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 particular location or under particular circumstances.

### STATEMENT OF ACTUAL ANNUAL GROSS PROFIT AND PROFIT MARGIN FOR THE 12 MONTH PERIOD JANUARY 1, 2025 TO DECEMBER 31, 2025 OF 1 AFILLIATE-OWNED 2 HOURS OF FREEDOM BUSINESS

The following is a statement of gross profit and profit margin for the 12 month period ended December 31, 2025 for 1 affiliate-owned 2 Hours of Freedom Business.

We have not included revenue information for the 1 franchised 2 Hours of Freedom Business that opened for business in 2025 because the franchisee began operations after January 1, 2025 and, therefore, did not operate for a full 12-month period between January 1, 2025 and December 31, 2025.

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

| | | | |
|---|---|---|---|
| **INCOME** | | | |
| Session Passes/Memberships | | $290,783 | 35.6% |
| Party Packages/Events | | $458,244 | 56.1% |
| Concessions | | $25,401 | 3.1% |
| Play Socks | | $42,929 | 5.3% |
| | | | |
| | **TOTAL INCOME** | **$817,357** | **100%** |
| | | | |
| **COGS** | | | |
| Food & Beverage | | $11,059 | 1.4% |
| Party Supplies | | $53,909 | 6.6% |
| Retails Products/Play Socks | | $20,334 | 2.5% |
| | | | |
| | **TOTAL COGS** | **$85,302** | **10.4%** |
| | | | |
| **DIRECT LABOR** | | | |

| | | | |
|---|---|---|---|
| Labor | | $207,564 | 25.4% |
| Workman's Compensation | | $5,076 | 0.6% |
| | **TOTAL DIRECT LABOR** | **$212,640** | 26.0% |
| | | | |
| **FRANCHISE FEES/COSTS** | | | |
| Royalty (6%) | | $49,042 | 6.0% |
| | **TOTAL FRANCHISE FEES/COSTS** | **$49,042** | **6.0%** |
| | **GROSS PROFIT/MARGIN** | **$470,373** | **57.5%** |

Notes to table above:

1. Nearest whole numbers are used.

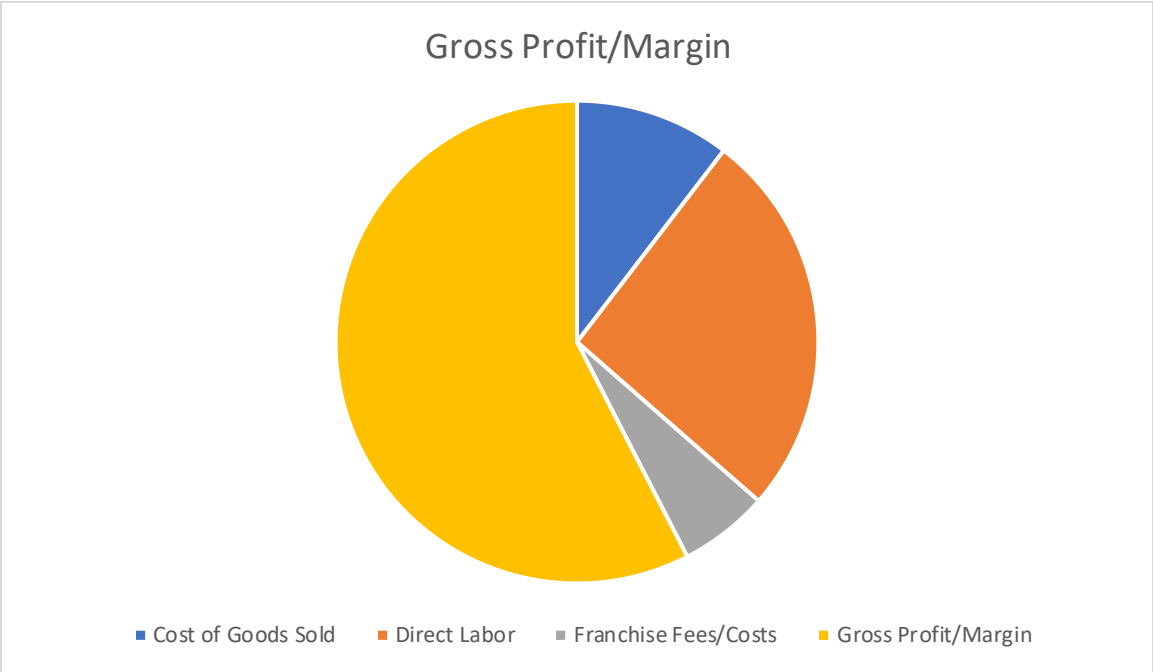
2. "Gross Sales" is the total revenue earned by the affiliates, with only sales tax being deducted.

3. The Buffalo Grove, Illinois 2 Hours of Freedom Business opened in July 2023. The location has approximately 11,000 square feet.

4. The "Direct Labor" line item includes payroll taxes. It does not include owner compensation.

*The remainder of this page has been left blank intentionally.*

**CHART OF ACTUAL ANNUAL GROSS PROFIT AND PROFIT MARGIN, COST OF GOODS SOLD, DIRECT LABOR, AND FRANCHISE FEES/COSTS AS A PERCENTAGE OF GROSS SALES FOR THE 12 MONTH PERIOD JANUARY 1, 2025 TO DECEMBER 31, 2025 OF 1 AFILLIATE-OWNED 2 HOURS OF FREEDOM BUSINESS**




Notes to chart above:

1. Nearest whole numbers are used in the calculation of percentages.

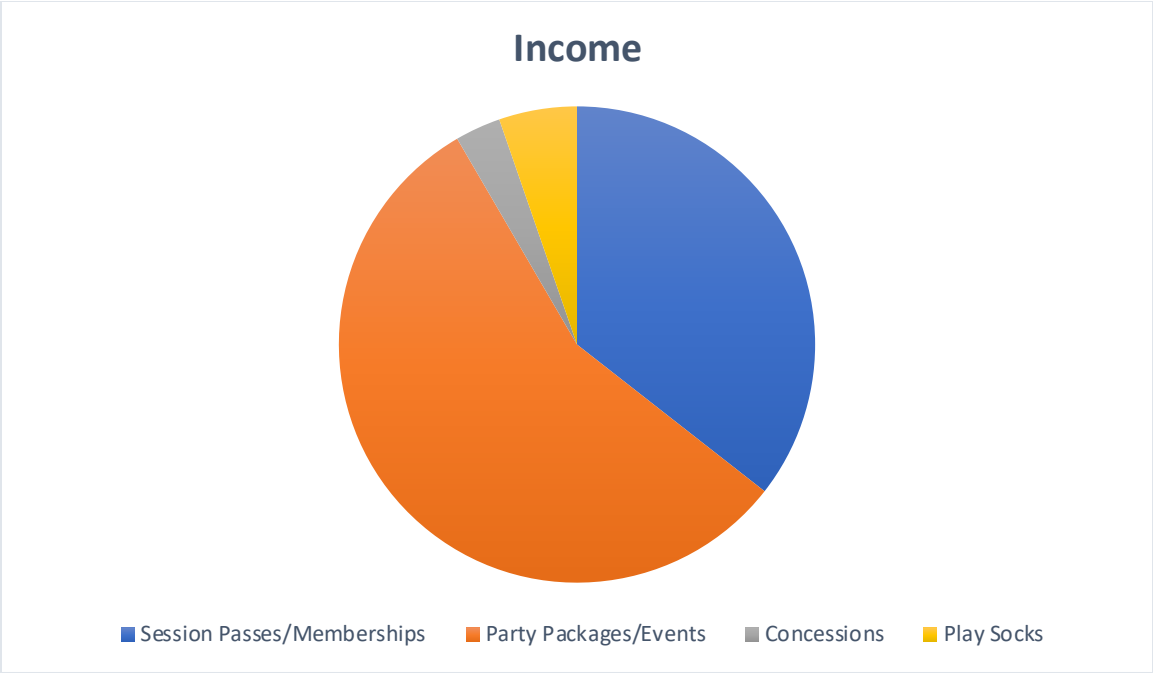
2. "Gross Sales" is the total revenue earned by the affiliates, with only sales tax being deducted.

3. The Buffalo Grove, Illinois 2 Hours of Freedom Business opened in July 2023. The location has approximately 11,000 square feet.

4. The "Direct Labor" line item includes payroll taxes. It does not include owner compensation.

*The remainder of this page has been left blank intentionally.*

**CHART OF ACTUAL ANNUAL INCOME FROM SESSION PASSES/MEMBERSHIPS, PARTY PACKAGES/EVENTS, AND CONCESSIONS AS A PERCENTAGE OF TOTAL INCOME FOR THE 12 MONTH PERIOD JANUARY 1, 2025 TO DECEMBER 31, 2025 OF 1 AFILLIATE-OWNED 2 HOURS OF FREEDOM BUSINESS**




Notes to chart above:

1. Nearest whole numbers are used in the calculation of percentages.

2. The Buffalo Grove, Illinois 2 Hours of Freedom Business opened in July 2023. The location has approximately 11,000 square feet.

The characteristics of the represented affiliate-owned operation do not materially differ from that of a new franchisee.

The financial performance representations in the Tables are historic information and not a forecast of future financial performance. The financial information we utilized in preparing the preceding financial performance representations was based on our unaudited financial statements of our affiliate 2 Hours of Freedom, Inc. ended December 31, 2025. None of this information was audited by us or by any independent accountant or auditing firm, and no one had audited, reviewed or otherwise evaluated this information for accuracy or expressed his/her opinion with regard to its content or form.

Written substantiation for the financial performance representation will be made available to the prospective franchisee upon reasonable request.

Other than the preceding financial performance representation, 2 Hours of Freedom Franchise Group LLC does not make any financial performance representations. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting Jeffrey Anderson, at 1613 W. Colonial Parkway, Inverness, Illinois 60067, (217) 693-1548, the Federal Trade Commission, and the appropriate state regulatory agencies.

## ITEM 20
## OUTLETS AND FRANCHISEE INFORMATION

Table No. 1
System-wide Outlet Summary
For Years 2023 – 2026*

| Outlet Type | Year | Outlets at the Start of the Year | Outlets at the End of the Year | Net Change |
|---|---|---|---|---|
| Franchised | 2023 | 0 | 0 | 0 |
| | 2024 | 0 | 0 | 0 |
| | 2025 | 0 | 1 | +1 |
| | 2026 | 1 | 2 | +1 |
| Affiliate-Owned | 2023 | 0 | 1 | +1 |
| | 2024 | 1 | 1 | 0 |
| | 2025 | 1 | 1 | 0 |
| | 2026 | 1 | 0 | -1 |
| Total Outlets | 2023 | 0 | 1 | +1 |
| | 2024 | 1 | 1 | 0 |
| | 2025 | 1 | 2 | +1 |
| | 2026 | 2 | 2 | 0 |

*For the period beginning January 1, 2026 and ending March 31, 2026.

*The remainder of this page has been left blank intentionally.*

Table No. 2
Transfers of Outlets from Franchisees to New Owners (Other than the Franchisor)
For Years 2023 – 2026*

| State | Year | Number of Transfers |
|---|---|---|
| Total* | 2023 | 0 |
| | 2024 | 0 |
| | 2025 | 0 |
| | 2026 | 0 |

*For the period beginning January 1, 2026 and ending March 31, 2026.

Table No. 3
Status of Franchised Outlets
For Years 2023 – 2026*

| State | Year | Outlets at Start of the Year | Outlets Opened | Terminations | Non-Renewals | Reacquired by Franchisor | Ceased Operations-Other Reasons | Outlets at End of the Year |
|---|---|---|---|---|---|---|---|---|
| Illinois | 2023 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2024 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2025 | 0 | 1 | 0 | 0 | 0 | 0 | 1 |
| | 2026 | 1 | 1 | 0 | 0 | 0 | 0 | 2 |
| Total | 2023 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2024 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2025 | 0 | 1 | 0 | 0 | 0 | 0 | 1 |
| | 2026 | 1 | 1 | 0 | 0 | 0 | 0 | 2 |

*For the period beginning January 1, 2026 and ending March 31, 2026.

*The remainder of this page has been left blank intentionally.*

Table No. 4
Status of Affiliate-Owned Outlets
For Years 2023 – 2026*

| State | Year | Outlets at Start of Year | Outlets Opened | Outlets Reacquired From Franchisee | Outlets Closed | Outlets Sold to Franchisee | Outlets at End of Year |
|---|---|---|---|---|---|---|---|
| Illinois | 2023 | 0 | 1 | 0 | 0 | 0 | 1 |
| | 2024 | 1 | 0 | 0 | 0 | 0 | 1 |
| | 2025 | 1 | 0 | 0 | 0 | 0 | 1 |
| | 2026 | 1 | 0 | 0 | 0 | 1 | 0 |
| Total Outlets | 2023 | 0 | 1 | 0 | 0 | 0 | 1 |
| | 2024 | 1 | 0 | 0 | 0 | 0 | 1 |
| | 2025 | 1 | 0 | 0 | 0 | 0 | 1 |
| | 2026 | 1 | 0 | 0 | 0 | 1 | 0 |

*For the period beginning January 1, 2026 and ending March 31, 2026.

Table No. 5
Projected Openings as of
March 31, 2026

| 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 |
|---|---|---|---|
| Illinois | 0 | 1 | 0 |
| Total | 0 | 1 | 0 |

Attached to this disclosure document as Exhibit F is a list, as of March 31, 2026, of the names, addresses and telephone numbers of all (i) open and operating 2 Hours of Freedom Businesses, and (ii) all franchisees who signed Franchised Agreements but not yet opened their outlets.

Also Attached to this disclosure document as Exhibit F is a list, as of March 31, 2026, of the contact information of every franchisee that had an outlet terminated, cancelled, not renewed, or otherwise voluntarily or involuntarily ceased to do business with us during the fiscal year ended December 31, 2025 and as of March 31, 2026, or who have not communicated with us within the 10 weeks ending on the date of this disclosure document. In addition, Exhibit F contains this list of franchisees who transferred their franchises during the fiscal year ended December 31, 2025 and as of March 31, 2026.

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

There are currently no current or former franchisees who have signed agreements restricting their ability to speak openly about their experience with us.

There are currently no trademark-specific franchise organizations associated with the franchise system being offered.

## ITEM 21
## FINANCIAL STATEMENTS

Attached to this Franchise Disclosure Document as Exhibit D are our audited financial statements for the period from inception (July 1, 2025) to December 31, 2025. Since we have only been in operation since July 2025, we cannot provide 3 years of audited financial statements.

Our fiscal year end is December 31.

## ITEM 22
## CONTRACTS

The Franchise Agreement, Guaranty and Assumption of Obligations (and other exhibits) that you will sign is attached at Exhibit B to this Disclosure Document. If your state requires an addendum to the Franchise Agreement describing certain state laws or regulations which may supersede the Franchise Agreement, it will be found at Exhibit H.

Before signing the Franchise Agreement, you must complete and sign a Franchise Disclosure Acknowledgement Statement, a copy of which is attached to this Franchise Disclosure Document as Exhibit D. The purpose of this Statement is to indicate your receipt of various documents that you may have received from us in connection with your purchase of an 2 Hours of Freedom Business.

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

## ITEM 23
## RECEIPTS

The last pages of this Franchise Disclosure Document, Exhibit J, are a detachable document, in duplicate. Please detach, sign, date and return one copy of the Receipt to us, acknowledging you received this Franchise Disclosure Document. Please keep the second copy for your records.

**EXHIBIT A**
**LIST OF STATE AGENCIES/**
**AGENTS FOR SERVICE OF PROCESS**

**CALIFORNIA**
Commissioner
Department of Financial Protection and Innovation
320 West 4th Street, #750
Los Angeles, CA 90013
(213) 576-7500
1-866-275-2677

**HAWAII**
Commissioner of Securities of the State of Hawaii
335 Merchant Street, Room 205
Honolulu, Hawaii 96813
(808) 586-2722
Agents for Service of Process:
Commissioner of Securities of the State of Hawaii
Department of Commerce and Consumer Affairs
Business Registration Division
335 Merchant Street, Room 205
Honolulu, Hawaii 96813
(808) 586-2722

**ILLINOIS**
Illinois Attorney General
Chief, Franchise Division
500 South Second Street
Springfield, IL 62706
(217) 782-4465

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

**MARYLAND**
Office of the Attorney General
Division of Securities
200 St. Paul Place
Baltimore, Maryland 21202-2020
(410) 576-6360
Agent for Service of Process:
Maryland Securities Commissioner
200 St. Paul Place
Baltimore, Maryland 21202-2020

**MICHIGAN**
MI Department of Attorney General.
Consumer Protection Division
Franchise Section
G. Mennen Williams Building, 1st Floor
525 West Ottawa Street
P.O. Box 30212
Lansing, MI 48909
(517) 373-7117

**MINNESOTA**
Department of Commerce
Commissioner of Commerce
85 Seventh Place East, Suite 280
St. Paul, MN 55101-3165
(651) 539-1638

**NEW YORK**
Administrator:
Office of the New York State Attorney General
Investor Protection Bureau
Franchise Section
28 Liberty Street, 21st Floor
New York, NY 10005
(212) 416-8222 Phone
(212) 416-6042 Fax

Agent for Service:
New York Department of State
One Commerce Plaza,
99 Washington Avenue, 6th Floor
Albany, NY 12231-0001
(518)-473-2492

**NORTH DAKOTA**
North Dakota Securities Department
State Capitol, Fifth Floor, Dept. 414
600 East Boulevard Avenue
Bismarck, North Dakota 58505-0510
(701) 328-4712

**RHODE ISLAND**
Department of Franchise Regulation
1511 Pontiac Avenue
John O. Pastore Complex
Bldg. 69-1
Cranston, Rhode Island 02920
(401) 222-3048

**SOUTH DAKOTA**
Department of Labor and Regulation, Division of Insurance, Securities Regulation
124 South Euclid, Suite 104
Pierre, South Dakota 57501
(605) 773-3652

**VIRGINIA**
State Corporation Commission
Division of Securities and Retail Franchising
1300 East Main Street, 9th Floor
Richmond, Virginia 23219
Agent for Service of Process:
Clerk of the State Corporation Commission
1300 East Main Street
1st Floor
Richmond, Virginia 23219

**WASHINGTON**
Department of Financial Institutions
Securities Division
150 Israel Road SW
Tumwater, WA 98501
(360) 902-8760

**WISCONSIN**
Department of Financial Institutions
Division of Securities
201 West Washington Avenue
Suite 300
Madison, WI 53703
(608) 267-9140

**EXHIBIT B**
**FRANCHISE AGREEMENT**

FRANCHISE AGREEMENT

2 HOURS OF FREEDOM FRANCHISE GROUP LLC

with

_____

_____

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EXHIBIT 1: Location and Territory
EXHIBIT 2: Guaranty and Assumption of Obligations
EXHIBIT 3: Conditional Assignment of Telephone Number and Digital Marketing Accounts

EXHIBIT 4: Addendum to Lease and Collateral Assignment of Lease
EXHIBIT 5: Electronic Funds Transfer Authorization
EXHIBIT 6: Statement of Ownership

**2 HOURS OF FREEDOM FRANCHISE GROUP LLC**
**FRANCHISE AGREEMENT**

THIS AGREEMENT is being entered into between you, _____, a _____ organized under the laws of _____, as franchisee, and us, 2 HOURS OF FREEDOM FRANCHISE GROUP LLC, a limited liability company organized under the laws of Illinois with our principal place of business at 1613 W. Colonial Pkwy, Inverness, IL 60067 and, if you are an entity, your "Owners" (defined below).

## 1. INTRODUCTION.

This Agreement has been written in an informal style in order to make it more easily readable and to be sure that you become thoroughly familiar with all of the important rights and obligations the Agreement covers before you sign it. In this Agreement, we refer to 2 HOURS OF FREEDOM FRANCHISE GROUP LLC as "we," "us" or the "Company." We refer to you as "you" or "Franchisee." Certain provisions of this Agreement are applicable to your shareholders, members or other owners of Franchisee on whose business skill, financial capability and personal character we are relying in entering into this Agreement. Those individuals will be referred to in this Agreement as "Owners."

Through the expenditure of considerable time, effort and money, we and our affiliate 2 Hours of Freedom, Inc. ("Affiliate") have developed a unique system for the establishment and operation of a business that offers indoor play areas and a concession stand for children ages 2 to 12 years and their caretakers, and one that offers membership packages, party packages, and special group and fundraising events, collectively under the name "2 Hours of Freedom," which is referred to in this Agreement as the "2 Hours of Freedom Business." The 2 Hours of Freedom Business consists of one location ("Location"). The 2 Hours of Freedom Business operates under uniform formats, designs, systems, methods, formulas, specifications, standards, policies and procedures, including certain confidential information and trade secrets (all of which we refer to in this Agreement as the "System"). We and our Affiliate may improve, further develop or otherwise modify the System from time to time. We identify the System by the use of certain trademarks, service marks, logos, trade name, domain names and other commercial symbols we designate from time to time, currently including "2 Hours of Freedom", "2H," the "2 Hours of Freedom" and "2H" logos and certain associated designs, artwork and logos, owned by our Affiliate and licensed to us (collectively, the "Marks").

We grant to franchisees whose Owners meet our qualifications and who are willing to undertake the investment and effort necessary to establish and develop a 2 Hours of Freedom Business, a franchise to own and operate a 2 Hours of Freedom Business in accordance with the System.

This Agreement is being presented to you because of the desire you have expressed to obtain the right to develop, own and be franchised to operate a 2 Hours of Freedom Business. In signing this Agreement, you acknowledge that you understand the importance of the Company's high standards

of quality and service and the necessity of operating your 2 Hours of Freedom Business in strict conformity with the Company's standards and specifications. You further represent to us, as an inducement to our agreeing to enter into this Agreement, that you and your Owners have made no misrepresentations in applying for or obtaining the franchise. You acknowledge that in all our dealings, all of our officers, directors, managers, employees and agents act only in a representative capacity, not in an individual capacity.

## 2. GRANT OF FRANCHISE.

**A. Term.** Subject to the provisions of this Agreement, we grant to you a franchise to own and operate a 2 Hours of Freedom Business at one location approved by us, and to use the System in the operation of the 2 Hours of Freedom Business for a term of ten (10) years beginning on the date of this Agreement, unless this Agreement terminates before the end of such term as provided in Section 14. When the exact location for the Location for the 2 Hours of Freedom Business is determined, the parties will complete Exhibit 1 to this Agreement. Termination or expiration of this Agreement will constitute a termination or expiration of the Franchise. (All references to the "term" of this Agreement refer to the period from the date of this Agreement to the date on which this Agreement actually terminates or expires. All references in this Agreement to section and paragraph numbers refer to the sections and paragraphs of this Agreement unless otherwise stated.)

**B. Full Term Performance.** You specifically agree to, for the full term of this Agreement, operate the Location at the location identified in Exhibit 1 and at other authorized locations in the Territory identified in Exhibit 1, perform the obligations of this Agreement, and continuously exert your best efforts to promote and increase the sales and services of the 2 Hours of Freedom Business within the Territory, and to effect the widest and best possible distribution of the sale of 2 Hours of Freedom services and related products and to solicit potential customers for 2 Hours of Freedom services and related products within the Territory.

**C. Rights to Territory.** As long as this Agreement is in force and effect and you are not in default under any of the terms of this Agreement and subject to the rights reserved by Company in Paragraph 2.D. below, Company will not grant another 2 Hours of Freedom Business franchise or operate itself or through an affiliate any other 2 Hours of Freedom Business within the area described in Exhibit 1 ("Territory"). Company has the right to, outside of the Territory, grant such other 2 Hours of Freedom Businesses or itself establish 2 Hours of Freedom Businesses as it, in its sole and exclusive discretion, deems appropriate.

**D. Company's Reservation of Rights.** Company and any affiliate reserve the right, both within and outside of the Territory to:

1. offer and sell service and products which comprise, may in the future comprise or which do not comprise, a part of the System through any alternative distribution channels including, but not limited the Internet or similar electronic media, using the Marks ("Alternate Distribution Channels");

2. establish businesses which are franchised, licensed or owned by Company or any affiliate in any area as we deem appropriate or offer and sell services or products which are similar to the services and products offered under the System under trade names, trademarks, service marks, trade dress or other commercial symbols different from the Marks;

3. acquire or be acquired by a company establishing businesses identical or similar to the 2 Hours of Freedom Business, even if the other business operates, franchises, and/or licenses Competitive Businesses (as defined below) anywhere;

4. engage in any other business activities not expressly prohibited by this Agreement.

**E. Alternate Distribution Channels**. You shall not sell any services or products offered for sale under the System through any Alternative Distribution Channels.

## 3. SUCCESSOR FRANCHISE.

**A. Franchisee's Right to Acquire a Successor Franchise.** Subject to the provisions of Paragraphs 3.B. and 3.C. below, and if during the entire term of this Agreement you have substantially complied with all of the provisions of this Agreement and any other agreement between us, then upon expiration of the initial term of this Agreement, you will have the right to enter into a Successor Franchise Agreement for one (1) additional term of five (5) years.

**B. Notice of Successor Franchise Election.** You must give us written notice of your election to acquire a successor franchise at least nine (9) months but not more than twelve (12) months before the end of the initial term of this Agreement. Within sixty (60) days of our receipt of your notice, we agree to give you written notice of whether you have met the conditions for to acquire a successor franchise and any deficiencies in your operation or historical performance of your 2 Hours of Freedom Business which could cause us not to grant you a successor franchise. If you have not met the conditions and deficiencies exist, our notice will state what actions, if any, you must take to correct the deficiencies in the operation of your 2 Hours of Freedom Business and will specify the time period in which those deficiencies must be corrected. Our approval of a successor franchise will be conditioned on your continued compliance with all the terms and conditions of this Agreement up to the date of expiration and timely correction of any deficiencies. If we send a notice that we have decided not to grant you a successor franchise it will state the reasons for our refusal to grant you a successor franchise. If we do not give you a deficiency notice within sixty (60) days after receipt of your notice of election to acquire a successor franchise, or if we do not give you notice of our decision not to grant you a successor franchises six (6) months before the expiration of the term of this Agreement, we may extend the term of this Agreement for any period of time necessary in order to provide you reasonable time to cure the deficiencies or to provide the six (6) month notice of the decision not to grant a successor franchise required under this Agreement.

**C. Successor Franchise Agreements/Releases.** To acquire a successor franchise, you (and your Owners) and the Company must:

(1) at our option, either execute an extension of this Agreement or execute the then current form of standard franchise agreement (with appropriate modifications to reflect the fact that the agreement relates to the grant of a renewal franchise), which agreement will replace this Agreement in all respects and which may contain different (including higher) royalty fees, National Advertising Fund contributions and other fees, different territorial protections, and other provisions that differ from those contained in this Agreement, and such ancillary agreements as Company is then customarily using in the grant or renewal of franchises for the ownership and operation of a 2 Hours of Freedom Business, including guarantees from all owners of the franchisee;

(2) comply with our then-current qualification and training requirements for successor franchises;

(3) upgrade the Location, furniture, fixtures, equipment, signs and materials in accordance with our then-current standards and specifications;

(4) execute a general release, in a form satisfactory to us, of any and all claims against us and our affiliate, and our respective members, managers, officers, employees and agents; and

(5) pay a successor franchise fee of twenty-five percent (25%) of the then-current initial franchise fee, not to exceed Fifteen Thousand Dollars ($15,000.00) when you execute the Successor Franchise Agreement to cover our costs in connection with your acquisition of a successor franchise.

If either you or any of your Owners refuse to sign the required agreement(s), guarantees and/or releases within thirty (30) days after their delivery to you, you will be deemed to have elected not acquire a successor franchise.

**D. <u>Continued Operation Following Expiration.</u>** You have no right to continue to operate the 2 Hours of Freedom Business after the expiration of the Term of this Agreement unless you are granted a Successor Franchise in accordance with this Section 3. 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 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 the 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. If the laws of the jurisdiction in which you or the 2 Hours of Freedom Business are located require a longer notice period, the thirty-day period will be deemed modified to be the shortest notice period required by the laws of such jurisdiction.

Except as provided in this Article 3, you have no right to continue to operate your 2 Hours of Freedom Business following the expiration of the Term.

## 4. BUSINESS DEVELOPMENT AND OPENING

**A. Ownership of Franchisee.** Prior to the opening of the 2 Hours of Freedom Business, any individual signing as franchisee shall establish a corporation, limited liability company, general partnership or limited partnership ("Entity"), to own and operate the 2 Hours of Freedom Business and shall assign this Agreement to the Entity. Franchisee's owners, shareholders, officers, directors, members, managers and partners (or persons holding comparable positions in non-corporate entities) shall be referred to herein as "Principals". Franchisee must complete and update throughout the Term, as necessary, the "Statement of Ownership" attached as Exhibit 6, and:

(1) All persons who own any interest in the Entity must guaranty your performance under this Agreement by signing the "Guaranty and Assumption of Franchisee's Obligations" attached as Exhibit 2;

(2) You shall provide us a resolution signed by all shareholders, directors, members, managers or partners, as appropriate, designating the principal contact for the Entity and Franchisee. This principal contact must be a controlling shareholder, managing member or general partner. This representative shall have the authority to speak for and bind Franchisee in all matters pertaining to this Agreement, and all matters regarding the 2 Hours of Freedom Business;

(3) You shall designate one owner of the entity having a majority ownership interest who will be the Operating Owner for the 2 Hours of Freedom Business and will devote reasonable time and best efforts to the management of the 2 Hours of Freedom Business ("Operating Owner"). The Operating Owner must successfully complete our initial training program. You shall give us immediate notice of any change in the Operating Owner and must arrange for the new Operating Owner to attend our initial training program. The Operating Owner may also be the designated manager providing the direct full-time on-site supervision of the operation of the 2 Hours of Freedom Business.

(4) The Entity shall engage in no other business than the operation of the 2 Hours of Freedom Business unless we approve such other business in writing. We may, in its sole discretion, for any reason, elect to withhold approval;

(5) You must furnish us, upon execution or any subsequent transfer of this Agreement, a copy of your articles of incorporation, articles of organization, bylaws, operating agreement, partnership agreement or equivalent governing document, as applicable, and shall thereafter promptly furnish us with a copy of any and all amendments or modifications thereto;

(6) You shall promptly furnish us, on a regular basis, with certified copies of such Entity records material to the 2 Hours of Freedom Business as we may require from time to time in the Operations Manual or otherwise in writing; and

(7) You shall maintain transfer restrictions on its records, of any securities with voting rights, subject to the restrictions of this Agreement, and each certificate representing ownership or equity interests in the Entity, shall have conspicuously endorsed upon it the following legend:

> The transfer of this *[stock/membership interest/ownership interest]* is subject to the terms and conditions of a 2 Hours of Freedom Franchise Agreement with 2 Hours of Freedom dated_____. Reference is made to the provisions of said Franchise Agreement and to the governing documents of *[name of Franchisee Entity]*.

**B. Designated Manager.** The 2 Hours of Freedom Business must at all times have a designated manager ("Designated Manager"), which may be you or another individual you designate. Your appointment of a Designated Manager must be approved in writing by us. The Designated Manager must complete the initial training program to our satisfaction as further described in Section 5(B) herein. The Designated Manager shall devote his or her full time and best efforts to the personal supervision and conduct of the 2 Hours of Freedom Business. If a Designated Manager approved by us is no longer serving as Designated Manager, you shall provide written notice of same to us within seven (7) days of the last day of service of the Designated Manager. Within thirty (30) days of the last day of service of the former Designated Manager, you shall have appointed another person who has been approved in writing by us as Designated Manager. We reserve the right to require that such Designated Manager successfully completes our training program as a condition to our approval. For the purposes of this paragraph, the period of time between (i) the last day of service of the former Designated Manager and (ii) our approval of and successful completion of training by the replacement Designated Manager shall be referred to as the "Designated Manager Replacement Period." If we, in our sole discretion, believe that the Operating Owner or other interim manager you appoint are not capable of operating your 2 Hours of Freedom Business in compliance with this agreement and system standards during the Designated Manager Replacement Period, we may, at our option, take over and exercise complete authority with respect to the operation of your 2 Hours of Freedom Business until such time as we determine that (i) Operating Owner or other interim manager is capable of operating your 2 Hours of Freedom Business in compliance with this agreement and system standards or (ii) your replacement Designated Manager has been approved in writing by us and has successfully completed our training program. You acknowledge and agree that our agent or other representative designated by us may take over, control and operate your 2 Hours of Freedom Business, that you shall pay us Seven Hundred Fifty Dollars ($750.00) per representative per day for such service, plus all travel expenses, room and board and other expenses reasonably incurred by such agent or representative so long as it shall be required to enforce compliance with this Agreement. You further acknowledge that if we temporarily operate your 2 Hours of Freedom Business for you under this Section 4.B., you will indemnify and hold harmless Company and any agent or representative of the Company respecting any and all claims arising out of our operation of your 2 Hours of Freedom Business under this Section 4.B. Nothing in this Section 4.B. shall require us to operate your 2 Hours of Freedom Business when you are in default.

**C. Location and Company's Approval**. You are responsible for acquiring a suitable location for the operation of your 2 Hours of Freedom Business that is approved by us ("Location"). We may in our discretion provide site selection assistance to you; however, it shall be your sole responsibility to locate and secure a site for the Location approved by us. Prior to entering into a lease to acquire a site, you must submit to us a site evaluation form for the proposed site, together with a letter of intent, proposed lease or other evidence satisfactory to us which confirms your favorable prospects for obtaining the proposed site. We will provide you written notice of final approval of the proposed site within ten (10) business days after receiving your written request for final approval and required documents ("Location Approval"). While we will use our experience in providing any assistance to you regarding site selection and granting approval of a site, nothing contained herein shall be interpreted as a guarantee of success for said location as a 2 Hours of Freedom Business.

You must have obtained our Location Approval and have secured the approved site for the Premises by execution of a lease within six (6) months of the date of this Agreement. We have the unilateral right (but not the obligation) to terminate the Agreement upon delivery of notice to you if you have not signed a lease for a location approved by us for your 2 Hours of Freedom Business within six (6) months of the date of this Agreement.

**D. Lease of Premises.** You must have our Location Approval before you execute a lease and we can require that certain terms and provisions be included in the lease. Our approval of the lease shall be conditioned upon: (i) collateral assignment of the lease by you to us with the lessor's consent, by execution of the Addendum to Lease and Collateral Assignment of Lease attached hereto as Exhibit 4 (the assignment may be exercised only upon your default under the lease or this Agreement or the expiration or termination of this Agreement); and (ii) inclusion in the lease of terms required by us, including but not limited to the following: (i) have a term, with initial and renewal terms, at least equal to the initial term of this Agreement; (ii) provides that the lessor shall give written notice to us (concurrently with you) of any default by you under the lease, and will give us an additional fifteen (15) days to cure any default not cured by you during the cure period and assign the lease to us if defaults are cured by us; (iii) permits the use on the lease premises of all signs required by us for 2 Hours of Freedom franchises, subject to applicable local laws, codes and ordinances; (iv) provides that on expiration or termination of your Franchise Agreement, we may enter the leased premises and remove all signs, sign-faces and other items identifying Marks; (v) provides that the Premises will only be used for the operation of a 2 Hours of Freedom Location; and (vi) provides that the lessor will not lease other premises in the same building or shopping center to a competing business.

**E. Build-Out Specifications** We will furnish plans and specifications reflecting our requirements for interior layout, design, decoration, fixtures, furniture, equipment, and signs for 2 Hours of Freedom Facilities. It is your responsibility to comply with all applicable ordinances, building codes, permit requirements, lease requirements and restrictions applicable to the leased premises. You must advise us of any required variation from our plans and specifications and obtain our approval of same before build-out of the leased premises begins. We reserve the right to (i) approve or disapprove of the proposed contractor prior to you entering into a construction contract with the proposed contractor, (ii) supervise and inspect all construction to assure

compliance with approved plans and specifications, and (iii) require you to submit to us your construction bids and final invoices.

**F. Development of the Location**. You agree at your own expense to do the following: (1) secure all financing required to construct and fully develop the 2 Hours of Freedom Location; (2) obtain all required building, utility, sign, and business permits and licenses and any other required permits and licenses; (3) construct the 2 Hours of Freedom Location in compliance with Section 4; (4) decorate the 2 Hours of Freedom Location in compliance with plans and specifications we have approved; (5) purchase and install all required fixtures, furniture, equipment, and signs; and (6) purchase an opening inventory of required products, materials and supplies.

**G. Fixtures, Furniture, Equipment and Signs**. You agree to purchase and install, at your expense, all fixtures, furniture, equipment (including required computer systems) and signs we may direct from time to time and to purchase and use in the development and operation of the Location only fixtures, furniture, equipment and signs from approved suppliers and/or that meet our standards and specifications.

**H. Business Opening.** You agree not to open your 2 Hours of Freedom Business for business until: (1) your obligations under this Section 4 have been fulfilled; (2) your Operating Owner and Designated Manager have completed the initial training program to our satisfaction; (3) you have furnished us with evidence of insurance coverage required by Paragraph 10.K.; (4) you have furnished us with evidence that you have met all licensing requirements applicable to the 2 Hours of Freedom Business; (5) you have established an entity to operate the 2 Hours of Freedom Business; and (6) we have provided you with written consent to open. You must complete the business opening requirements set forth herein and commence operation of your 2 Hours of Freedom Business within twelve (12) months from the date of execution of the lease for the Location. We have the unilateral right (but not the obligation) to terminate the Agreement upon delivery of notice to you if you have not opened your 2 Hours of Freedom Business within twelve (12) months of the date of signing a lease for the Location.

**I. Relocation**.

(1) If (a) your lease for the Location is terminated and such termination is not based on your breach of the lease, (b) the lease expires without any possibility of renewal on commercially reasonable terms as we determine, or (c) in our combined judgment there is a change in the character of the Location sufficiently detrimental to its business potential to warrant its relocation, we shall grant permission for relocation of the 2 Hours of Freedom Business to a location approved by us.

In the event we grant our approval of the relocation of your 2 Hours of Freedom Business, you must enter into an agreement with us which will set forth the new location for your 2 Hours of Freedom Business and a deadline by which you must open for business at the new location, after which time you will be obligated to resume paying the royalty and National Advertising Fund

contributions whether or not the new location has opened for business. Until such time that the new location is open for business, the amount of the royalty and National Advertising Fund contributions will be based on the Franchisee's average monthly level of Gross Sales during the one-year period prior to closing the first 2 Hours of Freedom Business. Any such relocation shall be at your sole expense, and shall not be undertaken without our prior written consent.

You shall reimburse us for our actual expenses in connection with such relocation, including those related to (i) reviewing and approving the new location and the construction drawings for the 2 Hours of Freedom Business at its new location and (ii) providing additional on-site training and assistance, as applicable. Such expenses shall not exceed Five Thousand Dollars ($5,000.00).

(2) We shall also have the right to require you to upgrade the relocated 2 Hours of Freedom Business to conform to our then current image, standards, and specifications for construction and equipment for all new 2 Hours of Freedom Businesses.

(3) In the event of a relocation of the 2 Hours of Freedom Business, you shall promptly remove from the former 2 Hours of Freedom Business premises any and all signs, fixtures, furniture, posters, furnishings, equipment, menus, advertising materials, stationery, supplies, forms and other articles which display any of the Marks and distinctive features or designs associated with the System. Any articles which display any of the Marks or any distinctive features or designs associated with the System which you do not use at the new 2 Hours of Freedom Business location shall be disposed of by as we direct following notice to us to the effect such articles will not be used at the new 2 Hours of Freedom Business. Furthermore, you shall, at your expense, immediately make such modifications or alterations as may be necessary to distinguish the former 2 Hours of Freedom Business premises so clearly from its former appearance and from other 2 Hours of Freedom Business so to prevent any possibility of confusion by the public (including, without limitation, removal of all distinctive physical and structural features identifying the 2 Hours of Freedom Business and removal of all distinctive signs and emblems). You shall, at your expense, make such specific additional changes as we may reasonably request for this purpose. If you fail to initiate immediately or complete such alterations within such period of time as we deem appropriate, you agree that we or our designated agents may enter the premises of the former 2 Hours of Freedom Business and adjacent areas at any time to make such alterations as we deem appropriate to distinguish your former 2 Hours of Freedom Business premises, without liability for trespass. You expressly acknowledge that failure to make such alterations will cause irreparable injury to Company and hereby consent to entry, at your expense, of any ex parte order by any court of competent jurisdiction authorizing Company or its agents to take such action, if Company seeks such an order. Compliance with the foregoing shall be a condition subsequent to our approval of any relocation request, and in the event complete de-identification of the former 2 Hours of Freedom Business premises is not properly and completely undertaken, we may then revoke its permission for relocation and declare a default under this Agreement.

(4) In the event we grant our approval for the relocation of your 2 Hours of Freedom Business, for whatever reason, prior to the expiration of the term of this Agreement, you are required to diligently search for a new location and open and operate the 2 Hours of Freedom Business as promptly as commercially practicable. In the event you fail to diligently pursue a new location and open a new 2 Hours of Freedom Business, you shall be liable to Company for Liquidated Damages as provided herein.

## 5. TRAINING AND OPERATING ASSISTANCE.

**A. Training Generally.** Before you open for business, and from time to time thereafter, we will make available to you various mandatory and optional training programs. Franchisee must timely complete all mandatory training as set forth in this Article 5. You acknowledge that, as the owner of the 2 Hours of Freedom Business, you are responsible for the training of your employees.

**B. Pre-Training; Initial Training.** No later than two (2) weeks prior to the opening of the 2 Hours of Freedom Business, we will furnish, and your Operating Owner, Designated Manager, and an assistant manager must attend and complete to our satisfaction, an initial training program of approximately five (5) to seven (7) days ("Initial Training Training"). In preparation for the Initial Training, your Operating Owner, Designated Manager, and assistant manager must complete pre-training materials and training programs sent to you by the Company before attending the initial training program. We, in our discretion, will determine when the initial training will take place, where it will take place, and how long it will last. The total days of initial training provided may vary dependent upon the prior experience of the attendees and other factors. Up to three (3) individuals will be provided training for the Initial Franchise Fee. If you send additional people to the initial training program, you must pay us Four Hundred Dollars ($400.00) per day per attendee and scheduling will be based on available space.

If, during the initial training program, we determine, in our sole discretion, that your Operating Owner or Designated Manager are not qualified to manage a 2 Hours of Freedom Business, we have the right to require your Operating Owner or Designated Manager to attend and successfully complete additional training for an additional fee and/or to terminate this Agreement, effective upon delivery of written notice thereof to you. Upon such termination, you must return any and all manuals and other proprietary materials delivered to you prior to and during training.

We reserve the right in our sole discretion to require that all additional or replacement Designated Managers attend and successfully complete the initial training program. If we require that additional or replacement Designated Managers attend the initial training program, you must pay us Four Hundred Dollars ($400.00) per day per attendee. If we do not require but you desire to send additional or replacement Designated Managers to our initial training program, you must pay us Four Hundred Dollars ($400.00) per day per attendee and scheduling will be based on available space.

You will be solely responsible for all expenses, including, without limitation, travel, room, board, transportation expenses, and wages, incurred by your attendees in connection with attending any initial training program.

**C. On-Site Start-Up Assistance.** Around the time of the opening of your 2 Hours of Freedom Business, we will send one (1) of our representatives to your Territory to provide on-site opening assistance at the Location for up to five (5) days. We, in our discretion, will determine when the on-site assistance and training will take place and how long it will last. If you request or we require, in our sole discretion, additional on-site start-up assistance, you shall pay us our then-current daily fee for such on-site assistance (which shall not exceed Four Hundred Dollars ($400.00) per representative per day), and you will be responsible for all expenses, including, without limitation, travel, room, and board, incurred by our representative in traveling to your Territory.

**D. Supplemental Education.** We may from time to time provide, and may require, that previously-trained and experienced Owners and Designated Managers attend and successfully complete supplemental training, seminars, programs, regional franchise meetings, teleconferences or webinars to be conducted at locations designated by us. If we require your Owners and Designated Managers to attend any supplemental training programs, your applicable Owners and Designated Managers must attend, we will charge you Four Hundred Dollars ($400.00) per day per attendee, and you will be solely responsible for all expenses, including, without limitation, travel, room, board, transportation expenses, and wages, incurred by your Owners and Designated Managers in connection with attending any supplemental training programs.

**E. Conferences and Conventions.** We reserve the right to hold and require all franchisees and designated managers to attend national, regional or local conferences for 2 Hours of Freedom franchisees to discuss updates to products, services, methods, operational standards, policies and procedures, and marketing and advertising. If we hold such conferences, you and your Designated Managers may be required to attend any conference for which we determine attendance is mandatory. We may charge you up to Five Hundred Dollars per attendee ($500.00) to attend the conference ("Conference Registration Fee"). If you fail to attend any conference held during the term of this Agreement for which attendance is mandatory, you remain obligated to pay the Conference Registration Fee. You will be solely responsible for any costs or expenses associated with your and your employees' attendance of such conferences.

**F. Operating Assistance.** We will furnish you with such ongoing guidance and assistance in connection with the operation of your 2 Hours of Freedom Business as we from time to time deem appropriate. Operating assistance may consist of advice and guidance with respect to: (1) sale of services and products authorized for sale and the specifications, standards, methods and operating procedures used by 2 Hours of Freedom Businesses; (2) prices for the services and products offered for sale at the 2 Hours of Freedom Business which in our judgment constitute good business practice; however, such advice or guidance shall not be deemed or construed to impose upon you any obligation to charge any fixed, minimum or maximum prices for any service or product offered for sale by your 2 Hours of Freedom Business except as permitted by law; (3) any changes in the services and products authorized for sale by the 2 Hours of Freedom Business; (4) purchasing furniture,

fixtures, equipment, signs, computer systems, and supplies; (5) developing and implementing advertising and promotional programs; (6) administrative, bookkeeping, accounting, sales and general operating procedures for the proper operation of a 2 Hours of Freedom Business; (7) establishing and conducting employee training programs at a 2 Hours of Freedom Business; and (8) changes in any of the above that occur from time to time. We may advise you from time to time of operating problems of your 2 Hours of Freedom Business disclosed by reports submitted to or inspections made by us.

This guidance will, in our sole discretion, be furnished in the form of the Company's Operations Manual or other written materials, webinars, telephone consultations, electronic communication, and/or consultations at the offices of the Company or at the Location for your 2 Hours of Freedom Business.

**G. Additional Operating Assistance.** At your request, we may provide you, at our discretion, additional guidance and assistance at your 2 Hours of Freedom Business by a representative of the Company. In the event that you are not operating your 2 Hours of Freedom Business in compliance with the standards, specifications and operating procedures set forth in this Agreement or in the Operations Manual, we may require additional training for your Operating Owner and Designated Managers at either the Location of your 2 Hours of Freedom Business or other location we designate. In either event, we will charge you Four Hundred Dollars ($400.00) per trainer per day for such additional training and assistance and travel expenses for our representative who conducts such training and assistance at your Location.

**H. Operations Manual.** We will grant you access during the term of the franchise to the Operations Manual, which may consist of one or more manuals for the 2 Hours of Freedom Business, and will be provided to you by secure access on a web platform or franchise intranet (collectively referred to as the "Operations Manual"). The Operations Manual will contain mandatory and suggested specifications, standards and operating procedures and policies which we prescribe from time to time for the 2 Hours of Freedom Business, as well as information relative to other obligations you have in the operation of your 2 Hours of Freedom Business and under this Agreement. We have the right to add to, and otherwise modify, the Operations Manual from time to time to reflect changes in, additions to and deletions from authorized services and products, specifications, standards and operating procedures, policies and other obligations in operating a 2 Hours of Freedom Business under this Agreement. Revisions to the Operations Manual will be deemed effective immediately, unless we specify a later effective date for a particular revision. The master copy of the Operations Manual that we maintain online will be controlling, in the event a dispute develops with respect to the contents of the Operations Manual. You agree that you will not at any time copy any part of the Operations Manual, permit any part of it to be copied, disclose it to anyone other than employees having a need to know its contents for purposes of operating your 2 Hours of Freedom Business, or give anyone other than employees having a need to know its contents for purposes of operating your 2 Hours of Freedom Business access to the Operations Manual without our prior written consent.

## 6. MARKS.

**A. Ownership and Goodwill of Marks.** You acknowledge that our Affiliate owns the Marks and that your right to use the Marks which have been licensed to the Company is derived solely from this Agreement and is limited to your operation of your 2 Hours of Freedom Business pursuant to and in compliance with this Agreement, the System, and all applicable specifications, standards and operating procedures we prescribe from time to time during the term of the franchise. Any unauthorized use of the Marks by you will constitute an infringement of our and our Affiliate's rights in and to the Marks. You acknowledge and agree that all usage of the Marks by you and any goodwill established by your use of the Marks will inure to the exclusive benefit of us and our Affiliate, and that this Agreement does not confer any goodwill or other interests in the Marks on you (other than the right to operate a 2 Hours of Freedom Business in compliance with this Agreement).

You must not, at any time during the term of this Agreement or after its termination or expiration do any of the following: (1) make any oral or written representation or admission that any of the Marks is in any way invalid or infringes the rights of any person or is open to any other form of attack, (2) contest the validity or ownership of any of the Marks or assist any other person in contesting the validity or ownership of the Marks, or (3) take any action that derogates, tarnishes or dilutes our claimed rights in and to the Marks.

All provisions of this Agreement applicable to the Marks will apply to any additional trademarks, service marks, commercial symbols, designs, artwork and logos we may authorize you to use during the term of this Agreement.

**B. Limitations On Your Use of Marks.** You agree to use the Marks as the sole identification of your 2 Hours of Freedom Business, except that you must display in the manner we prescribe notices to employees, customers, vendors and other third parties identifying yourself as the independent owner of the 2 Hours of Freedom Business pursuant to a Franchise Agreement with us. You may not use or register any Mark as part of any entity name or trade name or with any prefix, suffix or other modifying words, terms, designs or symbols (other than logos and additional trademarks and service marks licensed to you under this Agreement), or in any modified form. You may not apply to register or register any Mark in any forum. You may not use any Mark in connection with the sale of any unauthorized product or service or in any other manner we have not expressly authorized in writing. You agree to display the Marks prominently and in the manner we prescribe in operating your 2 Hours of Freedom Business, including signs and forms, and in connection with marketing, advertising and promotional materials. You also agree to use only notices of trademark or service mark registrations and copyrights as we specify and to obtain any fictitious or assumed name or "doing business as" registrations that are required under applicable law.

**C. Use of Marks on the Internet.** We and our affiliate have developed a web site (the "2 Hours of Freedom Website"). We and our affiliate may market and sell from the 2 Hours of Freedom Website various products and services worldwide that may compete with you and other franchisees within and outside the Territory. The 2 Hours of Freedom Website as it may be developed and changed from time to time is the sole property of the Company or its affiliate. We will provide to you a page on or page linked to the 2 Hours of Freedom Website. The specifications, standards and procedures you must follow for developing and maintaining a page on 2 Hours of Freedom Website

shall be set forth in the Operations Manual or otherwise in writing. All content on your page on the 2 Hours of Freedom Website is subject to our prior written approval.

You shall not obtain any domain names/URL addresses for the Internet incorporating the Marks or create, develop, maintain and/or use your own web site on the Internet using any of the Marks. You shall not use any of the Marks on the Internet in any directory listing or advertising without our prior written consent. You shall not make any reference to or any association with the Marks on any social media site, social or professional network, blog, or other on-line venue or in any other manner on the Internet without our prior written consent. If any of the foregoing uses is specifically permitted by us, your use must conform completely to all of our applicable standards and procedures as set forth in the Operations Manual or otherwise in writing.

We will have the sole right to develop Mobile Applications using the Marks and relating to the operation of the 2 Hours of Freedom Business. We may require that you participate and use any Mobile Applications we designate and must do so in compliance with our guidelines, specifications, standards, policies or procedures on Mobile Applications that we may issue from time to time in the Operations Manual or otherwise in writing.

**D. Notification of Infringements and Claims.** You agree to notify us in writing within one (1) week of any apparent or suspected unauthorized use of the Marks, any challenge to the validity of the Marks, any challenge to our Affiliate's ownership of, our right to use or license others to use, or your right to use, the Marks or similar trade names, domain names, trademarks, service marks or trade dress, or any claim by any person of any rights in any Mark or any similar trade name, domain name, trademark, service mark or trade dress of which you may become aware. You agree not to communicate with any person except us or our or our Affiliate's attorneys and your attorneys in connection with any such infringement, challenge or claim. We and our Affiliate have sole discretion to take such action as we deem appropriate and the sole right to exclusively control any litigation, U.S. Patent and Trademark Office proceeding, ICANN Uniform Domain Name Dispute Resolution Policy proceeding or other administrative proceeding, arising out of any infringement, challenge or claim or otherwise relating to any Mark. We and our Affiliate have the right, but not the obligation, to take action against uses by others that may constitute infringement of the Marks. You agree to sign any and all instruments and documents, provide such assistance and take any action that our or our Affiliate's attorneys say are necessary or advisable to protect and maintain our interests in any such litigation, U.S. Patent and Trademark Office proceeding, ICANN Uniform Domain Name Dispute Resolution Policy proceeding or other administrative proceeding related to the Marks or to otherwise protect and maintain our interests in the Marks. COMPANY MAKES NO REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, AS TO THE USE, EXCLUSIVE OWNERSHIP, VALIDITY OR ENFORCEABILITY OF THE MARKS.

**E. Discontinuance or Substitution of Marks.** If it becomes advisable at any time, in our or our Affiliate's sole discretion, for your 2 Hours of Freedom Business to modify or discontinue use of any Mark or for your 2 Hours of Freedom Business to use one or more additional or substitute trademarks, service marks, trade names or domain names, you agree to comply with our directions to modify or otherwise discontinue the use of the Mark, or use one or more additional or substitute

trademarks, service marks, trade dress or domain names, within one hundred twenty (120) days after our notice to you at your expense. If we require you to modify or discontinue use of any Mark, we and our Affiliate have no obligations or liability to you for your actual expenditures or other costs you incur in order to comply with this obligation.

**F. Right of Inspection.** In order to determine whether you are operating the 2 Hours of Freedom Business in compliance with this Agreement and the policies, procedures, standards and specifications in the Operations Manual for the protection of the Marks and to ensure that you are properly employing the Marks in the operation of your 2 Hours of Freedom Business, we or our agents shall have the right to enter and inspect your 2 Hours of Freedom Business, including but not limited to the Location, the operations, and the services being performed at the Location, at all reasonable times and without prior notice to you. We have the right to observe the manner in which you are rendering services and conducting your operations, to interview your employees and customers, to take photographs, and to select equipment and supplies for test of content and evaluation purposes to make certain that the equipment and supplies are satisfactory and meet the quality control provisions and performance standards established by us. We shall also have the right to conduct customer satisfaction surveys. You agree to fully cooperate with our representatives conducting any such inspection.

## 7. CONFIDENTIAL INFORMATION; NON-COMPETITION.

**A. Types of Confidential Information.** We and our Affiliate possess certain unique confidential and proprietary information and trade secrets consisting of the following categories of information, methods, techniques, products, and knowledge developed by our Affiliate, us and our franchisees: (1) methods, techniques, formats, specifications, procedures, information, systems and knowledge of and experience in the development, operation, and franchising of the 2 Hours of Freedom Businesses; (2) sources of supply, purchasing, and methods of providing the services and products sold by 2 Hours of Freedom Businesses; (3) knowledge of sales and profit performance of any one or more 2 Hours of Freedom Businesses; (4) knowledge of test programs, concepts or results relating to new services and products; (5) advertising, marketing and promotional programs; (6) equipping of the Location; (7) the selection and training of the 2 Hours of Freedom Business managers and other employees; (8) the contents of the Operations Manual or other written materials provided to you; (9) any customized software or proprietary software developed by or for us for the System; and (10) all customer information, lists, data and records. All such information will be referred to in this Agreement as "Confidential Information." We will disclose much of the Confidential Information to you, and will do so in furnishing to you the training programs, the Operations Manual, or other materials in written or electronic form and in providing guidance and assistance to you under this Agreement. In addition, in the course of the operation of the 2 Hours of Freedom Business and for six (6) months after the termination of this Agreement or election not to acquire a successor franchise, you or your employees may develop ideas, inventions, formulas, concepts, methods, techniques or improvements relating to the System or the 2 Hours of Freedom Business, you agree to immediately disclose to us any such ideas, inventions, formulas, concepts, methods, techniques or improvements, which we may then authorize you and other the 2 Hours of Freedom Businesses to use. You will also assure that any corresponding intellectual property rights (including without limitation any rights in

utility or design patents, know-how, trade secrets, trademarks, services marks and copyrights) in such ideas, inventions, formulas, concepts, methods, techniques or improvements will be our property and the title and rights to which shall be legally assigned to us immediately in writing by you, the Owners, your managers and/or employees. All of such information developed by you or your employees will be included in the term "Confidential Information," as defined above.

**B. Confidentiality Agreement**. You agree that your relationship with us does not vest in you any interest in the Confidential Information other than the right to use it in the development and operation of the 2 Hours of Freedom Business in compliance with this Agreement, and that the use or duplication of the Confidential Information in any other business would constitute misappropriation, an unfair method of competition, a breach of this Agreement and copyright infringement. You acknowledge and agree that the Confidential Information belongs to us, is proprietary information, that also is subject to copyright prosecution, contains trade secrets belonging to us and is disclosed to you or authorized for your use solely on the condition that you agree, and you therefore do agree, that you and your Owners: (1) will not use the Confidential Information in any other business or capacity; (2) will maintain the absolute confidentiality of the Confidential Information during and after the term of this Agreement; (3) will not make unauthorized copies of any portion of the Confidential Information disclosed; and (4) will adopt and implement all reasonable procedures we may prescribe from time to time to prevent unauthorized use or disclosure of the Confidential Information, including without limitation, restrictions on disclosure to your employees and the use of confidentiality and non-competition agreements, trade secret disclosure forms, exit acknowledgements and other documents in a form that we prescribe with Owners, managers and employees who attend or receive our training and/or have access to the Confidential Information. Upon our request, you must provide us with copies of signed confidentiality and non-competition agreements of any Owners, managers and employees. The restrictions on your disclosure and use of the Confidential Information will not apply to the following: (a) information, processes, or techniques which are generally known and used in the public domain (as long as the availability of this information is not because of a disclosure, whether deliberate or inadvertent, by you or your Owners) and (b) disclosure of the Confidential Information in legal proceedings when you are legally required to disclose it and you have first given us the opportunity to obtain an appropriate legal protective order or other assurance satisfactory to us that the information required to be disclosed will be treated confidentially .

**C. In-Term Non-Competition Agreement.** You agree that we would be unable to protect the Confidential Information against unauthorized use or disclosure, that such unauthorized disclosure would cause us irreparable harm, and we would be unable to encourage a free exchange of ideas and information among the 2 Hours of Freedom Businesses if owners of the 2 Hours of Freedom Businesses were permitted to hold interests in any Competitive Businesses (as defined below). You also acknowledge that we have granted this Franchise Agreement to you in part in consideration of, and in reliance on, your and your Owners' agreement to deal exclusively with us. Therefore, during the term of this Agreement, neither you nor any Owner, nor any member of your or their immediate families, may, either directly or indirectly, for yourself or through, on behalf of, or in conjunction with, any person or legal entity, own, maintain, operate, engage in, consult with, or have any interest (as a disclosed or beneficial owner) in any Competitive Business (except another 2 Hours of Freedom

Business operated pursuant to a franchise agreement with us), or any entity which is granting franchises or licenses or entering into joint venture relationships for any business which offers products or services which are the same as, or similar to, those offered by a 2 Hours of Freedom Business (The ownership of 5% or less of a publicly traded company will not be deemed to be prohibited by this Paragraph). Further, during the term of this Agreement, you shall not divert any customers or prospective customers from your 2 Hours of Freedom Business to any other business.

**D. Competitive Business.** A "**Competitive Business**" is defined as any business that offers children's entertainment services.

## 8. RELATIONSHIP OF THE PARTIES/INDEMNIFICATION.

**A. Independent Contractor; No Fiduciary Relationship.** It is understood and agreed by both you and the Company that this Agreement does not create a fiduciary relationship between us, that you and the Company are independent contractors and that nothing in this Agreement is intended to make either of us a general or special agent, legal representative, subsidiary, joint venturer, partner, employee or servant of the other for any purpose whatsoever. You agree to conspicuously identify yourself at the Location and in all dealings with potential and existing customers, employees, suppliers, and others as the owner of an independent 2 Hours of Freedom Business pursuant to a franchise agreement with us. You further agree to place any notices of independent ownership on your signs, forms, business cards, stationery, advertising and other materials that we may require from time to time.

**B. No Liabilities, No Warranties.** We have not authorized or empowered you to use the Marks except as provided by this Agreement. You agree not use any Mark in signing any contract, lease, mortgage, check, purchase agreement, negotiable instrument, application for any license or permit, or any other legal obligation, or in any manner that may result in liability to us for any indebtedness or obligation of yours. Except as expressly authorized by this Agreement, neither you nor the Company will make any express or implied agreements, warranties, guarantees or representations, or incur any debt, in the name of or on behalf of the other or represent that our relationship is other than that of franchisor and franchisee.

**C. Indemnification; Tax Liability.** We will not be obligated by, or have any liability under, any agreements, representations or warranties you make that are not expressly authorized under this Agreement, nor will we be obligated for any damages to any person or property directly or indirectly arising out of your construction, development and/or operation of your 2 Hours of Freedom Business, whether or not caused by the negligent or willful action or failure to act on the part of you, the Owners, managers, employees or agents. You must pay when due all taxes, accounts and other indebtedness of every kind you incur in conducting your 2 Hours of Freedom Business. We will have no liability for any sales, use, excise, income, gross receipts, property or other taxes, whether levied against you, the 2 Hours of Freedom Business or your assets, or on us, in connection with the business you conduct, or on any payments you make to us pursuant to this Agreement or any franchise agreement, including but not limited to royalty fees and National Advertising Fund contributions (except for our own income taxes). You agree to indemnify, defend and hold us, our affiliate, and our

and our affiliate's shareholders, directors, officers, employees, agents and assignees, harmless against and to reimburse us for: (1) all such obligations, damages, and taxes for which we are held liable and for all costs we reasonably incur in the defense of any such claim brought against us or in any such action in which we are named as a party plus an administrative fee of ten percent (10%); (2) any liability, cost or expense we suffer, sustain or incur arising out of or relating to your development and/or operation of your 2 Hours of Freedom Business or any of your Owners', managers', employees', or other agents' acts or failure to act in connection therewith; and (3) all cost, expense or loss we incur in enforcing the provisions of this Agreement, in defending our actions taken relating to this Agreement, or resulting from your breach of this Agreement. This indemnification includes without limitation actual and consequential damages, reasonable arbitrators', attorneys', accountants' and expert witness fees (including those for appeal), costs of investigation and proof of facts, court costs, other litigation expenses and travel and living expenses. We have the right to defend any such claim against us. Your indemnification obligations described above will continue in full force and effect after, and notwithstanding, the expiration or termination of this Agreement.

**D. No Employment Relationship.** You expressly acknowledge that Company is not your employer or an employer of any of your employees. In addition, Company is not a joint employer with you. You acknowledge that Company's training, guidance, advice and assistance, your obligations under this Agreement and the standards, specifications, policies and procedures required by Company under this Agreement and in the Operations Manual are imposed not for the purpose of exercising control over you but rather for the limited purpose of protecting the Marks, System and Confidential Information, goodwill and brand consistency. You shall notify and communicate clearly with your employees in all dealings, including without limitation, employment applications and other employment forms, written and electronic correspondence, paychecks, employee handbooks, employment policies and procedures, and other written materials that you (and only you) are their employer and that Company is not their employer. You are solely responsible for the management and supervision of the 2 Hours of Freedom Business as an independent franchise owner/operator.

## 9. INITIAL AND CONTINUING FEES.

**A. Initial Franchise Fee.** Upon the execution of this Agreement, you shall pay us an initial franchise fee in the amount of Forty Thousand Dollars ($40,000.00) in cash in full. In recognition of the expenses we incur in furnishing assistance and services to you and of our lost opportunity to negotiate with others for this Franchise, you agree that the initial franchise fee will be fully earned by us upon execution of this Agreement and will not be refundable, except as provided in Section 4(C) herein.

You will be entitled to a discounted Initial Franchise Fee of Thirty Thousand Dollars ($30,000.00) if you are an existing franchisee of Company. _____ ***[INITIAL IF APPLICABLE]***

**B. Royalty Fee.**

1. In further consideration of the rights granted under this Agreement, throughout the term of this Agreement, you agree to pay Company on the tenth (10th) of each month for the preceding month a royalty fee in the amount of six percent (6%) of Franchisee's Gross Sales ("Royalty Fee").

2. Company reserves the right to collect payment of the royalty fee on a different day of each month or more or less often than monthly.

**C. National Advertising Fund Contribution.** As more fully described in Paragraph 11.A, we reserve the right to establish, maintain and administer an advertising, marketing and promotional fund covering all of our franchisees (the "National Advertising Fund") for such advertising, marketing and promotions as we may deem necessary or appropriate in our sole discretion. Once established, you must contribute to the National Advertising Fund an amount up to one percent (1%) of Gross Sales (as defined below) of your 2 Hours of Freedom Business. This National Advertising Fund contribution will be payable monthly along with the royalty fee as provided in Paragraph 9.E below. Company will give you at least sixty (60) days written notice before establishing the National Advertising Fund, or increasing or decreasing the percentage of the National Advertising Fund contribution.

**D. Definition of "Gross Sales".** As used in this Agreement, the term "Gross Sales" means the total receipts of all money or property of any kind, for or in connection with the services rendered by you at the Location and any other location, and any products sold, directly or indirectly, in connection with the 2 Hours of Freedom Business. The term shall be deemed to include checks, drafts, money orders, credit card payments, and all other instruments and forms of payment whether or not the same are postdated or are later dishonored or rescinded or payment is stopped thereon. Gross Sales will be deemed received for purposes of this Agreement on the date that payment in whatever form is actually collected and received by the 2 Hours of Freedom Business. The term shall not include (i) applicable sales, use or service taxes collected from customers and paid to the appropriate taxing authority.

**E. Electronic Funds Transfer.** You must make the monthly payments for the royalty fees, National Advertising Fund contributions, and any and all other fees that may become due and payable to us hereunder by either electronic transfer or electronic debiting of your business account, or in any other manner that Company may hereinafter designate. Upon the execution of this Agreement, you must execute the electronic funds transfer authorization form attached to this Agreement as Exhibit 5, and thereafter and shall execute any other documents as may be required from time to time by Company to permit Company to electronically transfer funds or debit your account for the purpose of making the required payments. You may not make any change in your banking relationships, including any change in the account number of your business account, or any change in banks, without our prior written approval and your execution of new authorization forms. On the fifth (5th) of each month, you must submit to us, in the form and manner we specify a statement of Gross Sales for the preceding month. Payments of the royalty fee, National Advertising Fund

contributions, Technology Fee and any other fees due for each month will be transferred on the tenth (10th) of each month based on the Gross Sales for the previous month reported by you. If the tenth (10th) of any month is a bank holiday, payments will be transferred on the next business day. If at any time a withdrawal is made and you do not have sufficient funds in the account, you must pay us an insufficient funds fee of Fifty Dollars ($50.00) per transaction. We reserve the right to change the frequency of payments upon sixty (60) days' notice to you.

If you fail to submit a report of the Gross Sales of your 2 Hours of Freedom Business and we do not have access to this information, we may transfer or debit from your account an amount which is one hundred twenty percent (120%) of the last amount we transferred for payment of monthly royalty fees, National Advertising Fund contributions, Technology Fee, and any other continuing fees. If the amount of the royalty fees, National Advertising Fund contributions, Technology Fee, and any other continuing fees we transferred is less than the amount that you actually owe to us (once we have determined the true and correct Gross Sales of the 2 Hours of Freedom Business), we will transfer from your account the balance of the royalty fee, National Advertising Fund contribution, Technology Fee, and other fees due. If the amount transferred from your account is greater than the royalty fees, National Advertising Fund contributions, Technology Fees, and other fees actually owed, we will credit the excess against the next transfer for royalty fees, National Advertising Fund contributions, Technology Fee, and other fees due.

**F. Late Payment Charge.** If any monetary obligations you owe to Company or to its Affiliate are not paid in the manner set forth in Paragraph 9.E of this Agreement, you shall, in addition to any other obligations, pay Company One Hundred Dollars ($100.00) per occurrence. Further, you acknowledge that notwithstanding the provisions of this Paragraph 9.H., your failure to pay all amounts when due constitutes grounds for termination of this Agreement, as provided in Section 14.

**G. Technology Fee**. You reserve the right to charge you a technology fee ("Technology Fee") of up to Two Hundred Fifty Dollars ($250.00) per month ("Maximum Technology Fee"). We reserve the right to increase the Maximum Technology Fee by up to ten percent (10%) per year. We have the right to determine how and for what purposes the technology fees will be used, which may include covering our costs or paying fees to third party providers for technology development, maintenance, and usage for the franchise system, and subscription and license fees paid by us in order for franchisees to have access to and use certain technology tools. This Technology Fee contribution will be payable monthly on the tenth (10th) of each month along with the monthly royalty fee, monthly National Advertising Fund contribution, Technology Fee, and other continuing fees as provided in Paragraph 9.E. above. We will give you at least sixty (60) days written notice before establishing the Technology Fee, increasing or decreasing the Technology Fee, or imposing an annual increase in the Maximum Technology Fee.

**H. Interest on Late Payments.** To encourage prompt payment and to cover the costs and expenses involved in handling and processing late payments, you will pay us upon demand interest on all amounts due and owing to us not paid in accordance with Paragraph 9.E above in the amount of the lesser of one point five percent (1.5%) per month or the highest legal rate permissible

under applicable law for open account business credit. You acknowledge that the inclusion of this Paragraph in this Agreement does not mean we agree to accept or condone late payments nor does it indicate that we have any intention to extend credit to, or otherwise finance your operation of the 2 Hours of Freedom Business. Further, you acknowledge that notwithstanding the provisions of this Paragraph 9.H., your failure to pay all amounts when due constitutes grounds for termination of this Agreement, as provided in Section 14.

**I. Application of Payments.** When we receive a payment from you, we have the right in our sole discretion to apply the payment received as we deem appropriate to any past due indebtedness of yours due to us or our affiliate, whether for royalty fees, National Advertising Fund contributions, other fees or payments due to us, interest, or for any other reason, regardless of how you may designate a particular payment to be applied.

## 10. IMAGE AND OPERATING STANDARDS.

**A. Importance of Maintaining Standards.** By signing this Agreement, you indicate that you understand and acknowledge that every detail of the System is important -- not only to you, but to us and to other the 2 Hours of Freedom Businesses -- in order to develop and maintain high operating standards, to increase the demand for the services and products sold by all franchisees, to establish and maintain a reputation for operating high quality services, to achieve the degree of quality expected by customers of the 2 Hours of Freedom Business, and to protect the goodwill of the Marks and all the 2 Hours of Freedom Businesses.

You also acknowledge that a fundamental requirement of the System, this Franchise Agreement, and other the 2 Hours of Freedom Businesses is adherence by all franchisees to the Company's standards, policies, specifications and procedures as they may develop and change over time, except for certain regional or individual differences we may approve from time to time.

**B. Condition and Appearance of Location.** In order to achieve the standards of quality, service and appearance that are necessary in the System, you agree that:

(1) you will maintain the condition and appearance of the furniture, fixtures, equipment, signs and the Location in accordance with our standards and consistent with the image of a 2 Hours of Freedom Business and its high quality services and products, and observe the highest standards of efficient and courteous service. In that connection, you will take, without limitation, the following actions during the term of this Agreement: (a) thorough cleaning, repair, and repainting and redecorating of the Location at reasonable intervals; and (b) repair or replacement of damaged, worn out or obsolete furniture, fixtures, equipment, signs and supplies;

(2) you will not make any material alterations to the Location, as originally built out, decorated, furnished and equipped, including any unapproved replacements of or alterations to the layout, décor, fixtures, furniture, equipment, or signs of your Location, unless they comply with our then current standards and specifications;

(3) you will replace or add new furniture, fixtures, equipment, and supplies when we reasonably specify in order to meet customer demand, meet changing standards or accommodate new services, new products, and new methods of providing the new services and products;

(4) you will place or display at the Location (interior and exterior) only those signs, emblems, designs, artwork, lettering, logos, and display and advertising materials that we from time to time approve; and

(5) you will complete a full reimaging, renovation, refurbish and modernization of the 2 Hours of Freedom Business, within the time frame we require, including the building design, parking lot, landscaping, equipment, point of sale system, signs, interior and exterior decor items, fixtures, furnishings, trade dress, color scheme, presentation of trademarks and service marks, supplies and other products and materials, to meet the then-current design criteria for 2 Hours of Freedom Businesses, including but not limited to such structural changes, remodeling and redecoration and such modifications to existing improvements as may be necessary to do so (a "Franchised Business Renovation"). You shall only be required to perform a Franchised Business Renovation once every five (5) years and you shall not be required to perform a Franchised Business Renovation if there is less than one (1) year remaining in the Term. Nothing herein shall be deemed to limit your other obligations during the Term to operate the 2 Hours of Freedom Business in accordance with our standards and specifications for the System including but not limited to the obligations set forth in this Article 10.

We reserve the right to designate a supplier, which may be us, for products and supplies you must purchase to maintain system standards, including but not limited to furniture, fixtures, equipment, supplies, and signage.

If at any time in our reasonable judgment, the general state of repair, appearance or cleanliness of the Location, furniture, fixtures, equipment, signs and supplies do not meet our standards, we may notify you, specifying the action you need to take to correct the deficiency. If you do not initiate within ten (10) days after receipt of our notice, and then continue in good faith and with due diligence a bona fide program to complete any required maintenance or replacement, we have the right, but not the obligation, to do the required maintenance and replacement on your behalf, and you agree to reimburse us on demand. The foregoing is in addition to any other remedies we may have, including, but not limited to, those regarding termination of this Agreement under Section 14.

In the event the Location is damaged or destroyed by fire or any other casualty, you must, within thirty (30) days after the casualty, initiate any and all repairs or reconstruction, and thereafter in good faith and with due diligence continue (until completion) such repairs or reconstruction, necessary to restore the Location to its original condition prior to such casualty. If, in our reasonable judgment, the damage or destruction is of such a nature or to such extent that it is feasible for you to repair or reconstruct the Location to conform to the then-current the 2 Hours of Freedom Business image specifications without incurring substantial additional costs, we may require you, by giving you written notice, to repair or reconstruct the Location to conform to the then-current the 2 Hours of Freedom Business image specifications. If repair or reconstruction of the Location within a reasonable

amount of time (as determined by us) is not feasible, you must obtain an alternate location approved by us for the operation of the 2 Hours of Freedom Business.

**C. Service Methods and Products.** The presentation of the 2 Hours of Freedom Business image to the public is an essential element of a successful franchise system. Therefore, you agree that (1) you will offer for sale all services and products that we authorize from time to time in our sole discretion; (2) you will offer and sell approved services and products only in the manner we have prescribed; (3) you will not offer for sale or sell any services or products we have not approved unless you have obtained our prior written approval; and (4) you will not use the Location for any purpose other than the operation of your 2 Hours of Freedom Business. You must at all times maintain an inventory of approved products, supplies and materials sufficient in quantity and variety to fulfill all customer needs and realize the full potential of a 2 Hours of Freedom Business.

**D. Approved Products, Distributors and Suppliers.** The reputation and goodwill of the 2 Hours of Freedom Business is based upon, and can be maintained only by, the sale of distinctive, high quality services and products and the delivery of those services and products in an efficient manner. We have developed standards and specifications for various services, including technology services, furniture, fixtures, equipment, tools, signs and supplies incorporated in or used in connection with the services and products authorized for sale at the 2 Hours of Freedom Business. We have also developed standards and specifications for suppliers of the above products and services, including, without limitation, standards and requirements related to product quality, consistency, reliability, frequency of delivery, financial capability, labor relations and customer relations. You therefore agree that your 2 Hours of Freedom Business will use only such furniture, fixtures, equipment, signs and supplies, and will offer for sale at your 2 Hours of Freedom Business only such products that conform to our specifications and quality standards and/or are purchased from suppliers we have approved from time to time (which may include us and/or our affiliate).

You acknowledge and agree that we may approve a single supplier for any product, which supplier may include us or an affiliate, and that we may approve a supplier only as to certain products. Further, we may concentrate purchases with one or more suppliers to obtain lower prices or other benefits for the 2 Hours of Freedom Business.

We may from time to time modify the list of approved product types, brands and/or suppliers, and you may not, after receipt in writing of any modification, reorder any product type or brand or reorder from any supplier which is no longer approved. If you would like to purchase any of the foregoing items of any brand or type or from a supplier which is not then approved, you must submit to Company a written request for approval of the proposed product or supplier and such other information as Company requires. Company has the right to inspect the proposed supplier's facilities, and to require product samples from the proposed supplier to be delivered, at Company's option, either directly to Company or to any independent, certified entity which Company designates for testing of the product. We reserve the right to periodically re-inspect the facilities and products of any approved supplier and to revoke our approval of the supplier or product if the supplier does not continue to meet all of our criteria. We will, within thirty (30) days of your written request, notify you as to whether or not the proposed product and/or supplier is approved.

**E. Specifications, Standards, Policies and Procedures.** You agree to comply with all mandatory specifications, standards and operating procedures (whether contained in the Operations Manual or any other written or electronic communication to you) relating to the management and operation of the 2 Hours of Freedom Business. The mandatory specifications, standards, and operating policies and procedures we prescribe from time to time in the Operations Manual, or otherwise communicate to you in writing or electronically, will constitute provisions of this Agreement as if fully set forth in this Agreement. All references to "this Agreement" include all such mandatory specifications, standards, and operating policies and procedures. The mandatory specifications will include, without limitation:

(1) the manner in which the services are provided to customers;

(2) the safety, maintenance, cleanliness, function and appearance of the Location, and the furniture, fixtures, equipment, signs, materials and supplies used in providing services to customers;

(3) as applicable, the types and sources of supply for products authorized for sale to customers;

(4) standard operating hours for the Location;

(5) recommended pricing of services and products and maximum and minimum pricing as permitted by law;

(6) qualifications, training, dress, general appearance and demeanor of the 2 Hours of Freedom Business staff who interact with customers;

(7) use of the Marks and use of supplies, forms and materials imprinted with the Marks;

(8) bookkeeping, accounting, customer data collection, and other recordkeeping systems and forms;

(9) methods and materials for advertising, marketing and promotion; and

(10) identification of you as the owner of your 2 Hours of Freedom Business.

**F. Compliance with Laws.** You agree to secure and maintain in force in your name all required licenses, permits and certificates relating to the operation of a 2 Hours of Freedom Business. You agree to operate your 2 Hours of Freedom Business in full compliance with all applicable laws, ordinances and regulations, including, without limitation, all government regulations relating to worker's compensation insurance, unemployment insurance, and withholding and payment of federal and state income taxes, social security taxes and sales taxes. You agree to abide by all applicable laws pertaining to the privacy of consumer, employee and transaction information obtained through the operation of your 2 Hours of Freedom Business. You agree that you will not take any action, or fail

to take any action, that may cause any licenses or permits to be revoked, suspended or restricted, and you are solely responsible for compliance with all applicable laws, regulations, ordinances and standards pertaining thereto. You must immediately notify us of steps taken or threatened to be taken by the issuing authority to revoke, suspend or restrict any of such licenses or permits. You must notify us in writing within five (5) days of the commencement of any action, suit, proceeding or investigation, and of the issuance of any order, writ, injunction, award or decree, by any court, agency or other governmental unit which may adversely affect the operation or financial condition of you or your 2 Hours of Freedom Business, or of any notice of violation of any law, ordinance, or regulation relating to safety.

**G. Good Business Practices.** You must at all times give prompt, courteous and efficient service to your customers and in all dealings with us, your customers and suppliers, the general public, public officials and prospective franchisees adhere to the highest standards of honesty, integrity, fair dealing and ethical conduct.

**H. Management of the Franchise/Conflicting Interests.** Your 2 Hours of Freedom Business must at all times be under the direct, day-to-day, full-time supervision of an Operating Owner or Designated Manager who has satisfactorily completed our training program. Your Operating Owner who is responsible for the day-to-day supervision of your 2 Hours of Freedom Business may not engage in any other business or other activity, directly or indirectly, requiring substantial management responsibility, time commitments, or which may otherwise conflict with your obligations under this Agreement.

**I. Staffing.** You shall hire such managers and employees as are necessary for the operation of the 2 Hours of Freedom Business in compliance with this Agreement and the policies, procedures, standards and specifications set forth in the Operations Manual. You are exclusively responsible for all employment decisions and functions related to the operation of the 2 Hours of Freedom Business, including recruiting, hiring, firing, compensation, benefits, work hours and schedules, work rules, recordkeeping, supervision and discipline of employees. Franchisee shall notify and communicate clearly with its employees in all dealings, including without limitation, its employment applications, written and electronic correspondence, paychecks, employee handbooks, employment policies and procedures, and other written materials that Franchisee (and only Franchisee) is their employer and that Company is not their employer. Franchisee shall comply with any state workers compensation act, any state unemployment compensation benefit law or regulation, or any other federal, state or local employment or employee benefit law or regulation, and shall establish employer accounts as required by applicable federal and/or state law. You shall implement a training program for your employees in compliance with Company's standards and specifications as set forth in the Operations Manual in order to maintain uniformity within the franchise system for the protection of the brand and Marks. We reserve the right to designate a third party supplier for payroll processing services.

**J. Insurance.** You must at all times during the term of this Agreement maintain in force, at your sole expense, comprehensive public liability insurance, product liability insurance and motor vehicle liability (including owned and non-owned auto liability) insurance against claims for bodily

and personal injury, death and property damage caused by or occurring in conjunction with the operation of your 2 Hours of Freedom Business or your conducting business pursuant to this Agreement. Such policies must be issued by an insurance carrier with a minimum rating of "A-" by AM Best or comparable rating. Such insurance coverage must be maintained under policies of insurance containing minimum liability protection in such amounts and for such risks as we may specify from time to time in the Operations Manual or otherwise in writing. Current minimum insurance requirements are as follows:

| Coverage Types | Required Limits of Coverage |
|---|---|
| General Liability | $2 million aggregate<br>$1 million per occurrence |
| Business Automobile Liability (owned and non-owned) | $1 million combined single limit per accident<br>As required by state law |
| Umbrella Liability | $1 million per occurrence combined single limit<br>For bodily injury and property damage in excess of the limits of coverage provided under commercial general liability, and the employers liability section of the workers' compensation policy, if applicable |
| Employer's Liability and Worker's Compensation | As required by state law |
| Other Insurances | As required by local, state or federal laws; or by the landlord |

All insurance policies must name us an additional insured, and must provide that we will receive thirty (30) days prior written notice of termination, expiration or cancellation of any such policy. All insurance policies required by this section must provide cross liability coverage. You waive all rights of subrogation against us for damages to the extent paid by insurance, except such rights as you may have to insurance proceeds.

We may reasonably increase the minimum liability protection requirement annually and we have the right to require at any time on reasonable prior notice to you different or additional kinds of insurance to reflect inflation, changes in standards of liability or higher damage awards in public, product, or motor vehicle liability litigation or other relevant changes in circumstances.

You must submit to us prior to opening your 2 Hours of Freedom Business and annually thereafter a copy of the certificate of or other evidence of such insurance policy and all renewals or extensions, and a waiver of subrogation endorsement form. If you at any time fail or refuse to maintain in effect any insurance coverage we require, or to furnish satisfactory evidence of such coverage, we at our option and in addition to our other rights and remedies under this Agreement, may obtain such insurance coverage on your behalf, and you agree to promptly execute any applications or other forms or instruments required to obtain any such insurance, allow any inspections of the Location which are

required to obtain or maintain the insurance and pay to us, on demand, any costs and premiums incurred by us plus an administrative fee of ten percent (10%).

Your obligations to obtain and maintain the insurance described above is not limited in any way by reason of any insurance maintained by us, nor will your performance of such obligations relieve you of any obligations under Section 8 of this Agreement.

**K. Proprietary Products.** We may develop certain proprietary and/or branded products, materials, supplies, apparel, or other items branded with the Marks ("Proprietary Products") for use or sale in your 2 Hours of Freedom Business. In the event such Proprietary Products are developed and implemented by us as part of the System, you shall carry an adequate supply and maintain a representative inventory of Proprietary Products in such amounts as we prescribe in the Operations Manual or otherwise in writing. You shall use and/or promote, offer, and sell all Proprietary Products prescribed by us as part of the System. You acknowledge that you will be required to purchase the Proprietary Products from us or a supplier we designate. You further acknowledge that failure to abide by this provision will result in diffusing the public image of the 2 Hours of Freedom Businesses to the detriment of all franchisees using the System.

**L. Computer System; Point-of-Sale System Requirements.** We will require you to purchase and use a point-of sale system, computer system and/or web-based platforms, including a customer order processing and inventory control system and/or cash register and credit/debit card system as specified by Franchisor in the Operations Manual or otherwise in writing, and pay all associated fees. You are responsible for becoming proficient in the use of any required point-of-sale, computer systems and/or web-based platforms and software. We will have the right to access, for any purpose or use related to the operation, management and/or monitoring of the System, any information or reports generated or stored by the required point-of-sale system, computer systems and/or web-based platform. We reserve the right to require you to replace any of the components of your point-of-sale and/or computer systems if we deem the component to be (a) undersized or otherwise insufficient of the efficient operation and management of the 2 Hours of Freedom Business, or (b) incompatible with our computer system or the computer system that we designate for the franchise network use. Throughout the term of this Agreement, you shall be responsible for maintaining and upgrading as necessary all point-of-sale and/or computer hardware and software required to be used in the operation of the 2 Hours of Freedom Business and shall be solely responsible for any and all consequences of not doing so.

If we develop and custom design a software program and hardware system for conducting accounting, inventory, point-of-sale or marketing functions and/or other activities related to the 2 Hours of Freedom Business (hereinafter "Software Program"), you agree to implement the Software Program into the 2 Hours of Freedom Business, and to comply with all specifications and standards prescribed by Franchisor regarding the Software Program as provided from time to time in the Operations Manual. At such time as we require the implementation of such Software Program, you shall only utilize the Software Program as prescribed by us. At such time as we require the implementation of such Software Program, you shall be required to purchase, lease or license the designated Software Program, to purchase or lease specified computer hardware

compatible with the Software Program requirements and contract for on-going service, maintenance and support for such hardware and Software Program at terms we or our suppliers designate.

Throughout the term of this Agreement, you must maintain an active e-mail account and use the e-mail address we provide for promoting and operating the 2 Hours of Freedom Business and for communicating with us. You must have and maintain high-speed access to the Internet for promoting and operating the 2 Hours of Freedom Business and for communicating with and receiving information from us in the manner we designate, including but not limited to system-wide area computer networks, intranet system or extranet system. You shall use any system-wide computer network or intranet or extranet system in compliance with the Operations Manual.

You shall be solely responsible for protecting your point-of-sale and computer systems from viruses, computer hackers and other computer-related and technology-related problems, and you release us from all claims you may have as result of viruses, hackers or other computer-related or technology-related problems.

You shall make arrangements for and accept payments systems which you designate from time to time, as part of the operation of the 2 Hours of Freedom Business, including but not limited to credit card payments through Visa, MasterCard, and other credit card and debit card issuers and sponsors, check verification services, electronic funds transfer systems, mobile payment systems, and system-wide gift card programs. Franchisee's point-of-sale system and related payment processing systems must be compliant with current Payment Card Industry Data Security standards, all applicable data privacy laws, and any procedures required by the Operations Manual to prevent credit card fraud. You agree to indemnify, defend and hold us, our affiliate, and our and our affiliate's shareholders, directors, officers, employees, agents and assignees, harmless against and to reimburse us for any and all loss, costs, expenses (including attorneys' fees), taxes, damages and liabilities, however caused, resulting directly or indirectly from your failure to comply with Payment Credit Industry Data Security Standards or data privacy laws.

**M.** **Gift Cards/Loyalty Programs**. You agree:

(1) to offer for sale gift cards and/or the loyalty program, which must be in the form and version we designate ("Official Gift Card/Loyalty Program"), as it may be amended from time to time;

(2) not to offer for sale or give away any form of Gift Card or Loyalty Program other than the Official Gift Card/Loyalty Program;

(3) not to create your own Gift Card or Loyalty Program;

(4) to accept and honor the Official Gift Card/Loyalty Program in exchange for products or services when presented for redemption at your Location;

(5) to obtain and maintain whatever is the currently designated equipment and/or software necessary to process the authorized Gift Cards/Loyalty Program, which may be through a Mobile Application; and

(6) to comply with any policy promulgated by us regarding changes to the form and use of the Official Gift Card/Loyalty Program, including transition periods for the phasing in of modifications to the Official Gift Card/Loyalty Program.

## 11. MARKETING.

**A. National Advertising Fund.** Recognizing the value of advertising to the goodwill and public image of the 2 Hours of Freedom Businesses, we reserve the right to establish and administer a National Advertising Fund for the franchise system (the "National Advertising Fund") for such marketing, advertising and promotional programs as we, from time to time deem appropriate in our sole discretion. In Paragraph 9.C, you agreed to contribute to the National Advertising Fund.

We will be entitled to direct all advertising, marketing and promotional programs financed by the National Advertising Fund, with sole discretion over the creative concepts, materials, and endorsements used in them, and the geographic, market, and media placement and allocation of the programs. You agree that the National Advertising Fund may be used to pay the costs of preparing and producing video, audio, written and electronic advertising materials; administering national, regional or local advertising and promotional programs including, without limitation, direct mail, social media and other media advertising; establishing and maintaining a website for the franchise system; supporting public relations, market research and marketing activities; providing advertising, marketing and promotional materials or content to the 2 Hours of Freedom franchises; employing advertising or public relations agencies to assist in any of the activities of the National Advertising Fund; and other brand development activities. The National Advertising Fund will furnish you with approved advertising, marketing and promotional materials on the same terms and conditions as such materials are furnished to other 2 Hours of Freedom franchises.

The National Advertising Fund will be a separate and distinct account, and will be accounted for separately from the other funds of the Company and will not be used to defray any of our general operating expenses, except for any reasonable salaries, administrative costs and overhead we may incur in activities reasonably related to the administration of the National Advertising Fund and its advertising, marketing and promotional programs (including, without limitation, conducting market research, preparing advertising, marketing and promotional materials, and collecting and accounting for contributions to the National Advertising Fund). We may spend in any fiscal year an amount greater or less than the total contribution of the 2 Hours of Freedom franchises to the National Advertising Fund in that year. We may cause the National Advertising Fund to borrow from us or other lenders to cover deficits of the National Advertising Fund or cause the National Advertising Fund to invest any surplus for future use by the National Advertising Fund. All interest earned on monies contributed to the National Advertising Fund will be used to pay advertising, marketing and promotional costs of the National Advertising Fund before other assets of the National Advertising Fund are expended. We will prepare an annual statement of monies collected and costs incurred by

the National Advertising Fund and will make it available to the 2 Hours of Freedom franchisees upon request.

You understand and acknowledge that the National Advertising Fund is intended to maximize recognition of the Marks and patronage of the 2 Hours of Freedom Businesses. Although we will endeavor to use the National Advertising Fund to develop advertising, marketing and promotional material, to place advertising and engage in other brand development activities in a manner that will benefit all the 2 Hours of Freedom franchisee, we undertake no obligation to ensure that expenditures by the National Advertising Fund in or affecting any geographic area are proportionate or equivalent to contributions to the National Advertising Fund by the 2 Hours of Freedom franchisees operating in that geographic area or that any the 2 Hours of Freedom franchisee will benefit directly or in proportion to their contribution to the National Advertising Fund from the development of advertising, marketing and promotional materials or the placement of advertising. Except as expressly provided in this Paragraph 11.A, we assume no direct or indirect liability or obligation to you with respect to the maintenance, direction or administration of the National Advertising Fund.

We have the right to discontinue or to reestablish the National Advertising Fund. In the event we discontinue the National Advertising Fund, we will distribute all unspent amounts existing in the National Advertising Fund on the date of discontinuance to franchisees in proportion to their respective contributions for the most recent twelve (12) months.

**B. Initial Launch Marketing.** Beginning four (4) weeks prior to the opening of the 2 Hours of Freedom Business, you must spend a minimum of Three Thousand Five Hundred Dollars ($3,500.00) and beginning upon the opening of the 2 Hours of Freedom Business and continuing for thirty (30) days thereafter, you must spend a minimum of One Thousand Five Hundred Dollars ($1,500.00) conducting an advertising and marketing campaign to promote the initial launch of the 2 Hours of Freedom Business. Initial launch monies will be spent on social media, print, radio, digital advertising and/or other advertising or promotions that you and we agree is best suited for your initial launch campaign. The initial launch advertising and marketing shall be conducted in accordance with the Operations Manual and/or other written guidelines we may issue on initial advertising and promotion. We reserve the right to designate a third party supplier to conduct your Initial Launch Marketing. and continuing through the first sixty (60) days of operation of the 2 Hours of Freedom Business

**C. Direct Marketing**. You shall promote the 2 Hours of Freedom Business and market for new customers throughout the term of the franchise. You may only directly market for customers of the Location within the Territory and are strictly prohibited from direct marketing for customers of the Location outside of the Territory. Direct marketing shall include all forms of advertising and promotion to new customers which can reasonably be related to a geographic area, including but not limited to cold calling, telephone solicitation, direct mailings, local media and targeted social media advertising.

**D. Local Marketing Requirement.** Beginning your third (3rd) month of operation, during each calendar month, we require you to spend one percent (1%) of Gross Sales on local

marketing, advertising and promotion. Your Local Marketing Requirement excludes any contributions you make to the National Advertising Fund, defined in Section 11.A above. We, our affiliate or a third party we designated may be a supplier of local advertising, marketing and promotional programs for your 2 Hours of Freedom Business. If we or our affiliate become a supplier of local advertising, marketing and promotional programs, we reserve the right to collect the Local Marketing Requirement in the same manner as other fees due to us in accordance with Paragraph 9.E. above.

**E. Advertising Review.** No later than fourteen (14) days prior to the deadline for your use or submission, you must submit to us for approval or disapproval samples of all local marketing, advertising and promotional materials, programs and information, and content for your webpage (linked to our website), any listing on the Internet, or any information to be displayed on any social media site not prepared by us or our approved advertising or public relations agency or not previously approved by us. We will not unreasonably withhold approval of any marketing, advertising or promotional materials or programs or content for the internet. If you do not receive written approval within ten (10) days from the date of our receipt of such materials, programs or content submitted by you, the materials, programs or content will be deemed disapproved. You may not use any marketing, advertising or promotional materials or programs or content that we have disapproved. All marketing, advertising and promotional materials and content you use must be completely factual, in good taste (as determined in our sole discretion) and must conform to the highest standards of ethical advertising. You agree to refrain from any marketing, advertising or promotion practice which may be harmful to your 2 Hours of Freedom Business, the business of the Company and the goodwill associated with the Marks and other the 2 Hours of Freedom Businesses.

## 12. RECORDS AND REPORTS; AUDIT.

**A. Accounting and Records.** You agree to establish and maintain at your own expense a bookkeeping, accounting and recordkeeping system that conforms to our requirements, specifications and formats we prescribe from time to time. You also agree to maintain at the Location and preserve for a minimum of five (5) years from the date of their preparation, full, complete and accurate books, records and accounts (utilizing the standard chart of accounts furnished or required by us), copies of sales tax returns and copies of such portions of your and your Owner's state and federal income tax returns as reflect the operation of your 2 Hours of Freedom Business.

**B. Reports and Tax Returns.** You must furnish to us the following in the form and manner we require:

(1) on or before the tenth ($10^{th}$) of each month, (i) a profit and loss statement for the immediately preceding month and (ii) sales tax returns for the immediately preceding month, in formats we specify from time to time.

(2) on or before April 25 of each year, a profit and loss statement and sources and uses of funds statement for your 2 Hours of Freedom Business for the calendar year and a balance sheet for

your 2 Hours of Freedom Business as of the end of the calendar year. If we request, these annual financial statements must have been reviewed by an independent certified public accountant.

(3) upon our request, exact copies of such portions of your and your Owners' federal and state income tax returns as reflect the operation of your 2 Hours of Freedom Business.

(4) within three (3) business days of receipt, provide us with all copies of health department reports, inspections, notices of violation/deficiency or any documentation regarding the operation of your 2 Hours of Freedom Business.

Furthermore, you agree to furnish to us copies of any other reports we designate and such other information and supporting records as we from time to time prescribe. All such financial statements, reports and information must be submitted in the manner we prescribe in the Operations Manual or otherwise in writing. If you fail to furnish to us any of the required reports or financial statements by the due date set forth herein, we may charge you a late fee of One Hundred Dollars ($100) per occurrence ("Late Report Fee"). You shall also pay to Company the Late Payment Fee on all unpaid amounts.

If you fail to timely provide accounting statements and reports in the form we require, we reserve the right to, at our option, require you to use an approved third party supplier for bookkeeping, accounting and recordkeeping. If we exercise this right, we have the right to require direct electronic access by the third party to your business records, bookkeeping and accounting records, bank statements, sales and income tax records and returns and other books and records of you and your 2 Hours of Freedom Business. For purposes of this direct electronic access, records and reports exclude employment records for your employees.

**C. <u>The Company's Right to Examine Books and Records</u>.** We have the right at any time during business hours, and without prior notice to you, to examine or audit, or cause to be examined or audited, the business records, bookkeeping and accounting records, bank statements, sales and income tax records and returns and other books and records of you and your 2 Hours of Freedom Business. For purposes of this examination and audit, records and reports exclude employment records for your employees. You agree to fully cooperate with our representatives and independent accountants hired by us to conduct any such examination or audit.

In the event any such examination or audit discloses an understatement of Gross Sales, you must pay to us, within ten (10) days after receipt of the examination or audit report, the royalty fees and National Advertising Fund contributions due on the amount of such understatement, plus service charges (at the rate provided in Paragraph 9.H.) from the date originally due until the date of payment. Further, in the event such examination or audit (i) is made necessary by your failure to furnish reports, supporting records, financial statements or other documents or information as required by the Agreement, (ii) is made necessary due to your failure to furnish such reports, records, financial statements, documents or information on a timely basis, or (iii) if an understatement of Gross Sales for any month is determined by any such examination or audit to be greater than two percent (2%), you agree to reimburse us for the cost of such audit or examination, including, without limitation, the

charges of any independent accountants and the travel expenses, room and board and compensation of our employees. The foregoing remedies are in addition to all other remedies and rights we may have under this Agreement or any applicable law.

## 13. ASSIGNMENT.

**A. By the Company.** This Agreement and the Franchise are fully assignable by us and will inure to the benefit of any assignee or other legal successor to the interest of the Company herein.

**B. By Franchisee With Approval.** You understand and acknowledge that the rights and duties created by this Agreement are personal to your Owners and we have granted the Franchise in reliance upon the individual or collective character, skill, aptitude, attitude, business ability and financial capacity of your Owners. Therefore, except as otherwise provided in Paragraph 13.E below, neither the Franchise, your 2 Hours of Freedom Business or a substantial portion of the assets of your 2 Hours of Freedom Business (or any interest therein) nor any part or all of the ownership of the Franchisee may be voluntarily, involuntarily, directly or indirectly, assigned, sold, subdivided, subfranchised or otherwise transferred by you or your Owners (including, without limitation, by merger or consolidation, by issuance of additional securities representing an ownership interest in the Franchisee, or in the event of the death of an Owner of the Franchisee, by will, declaration of or transfer in trust or the laws of intestate succession) without our prior written approval. Further, neither your 2 Hours of Freedom Business nor a substantial portion of its assets may be transferred without a concurrent transfer of this Agreement and the Franchise to the same transferee. Any such assignment or transfer without our approval will constitute a breach of this Agreement and will convey no rights to or interests in the Franchise, your 2 Hours of Freedom Business or its assets.

**C. Conditions for Approval of Assignment.** If you (and your Owners) are in compliance with this Agreement, we will not unreasonably withhold our approval of an assignment, provided that the owners of the proposed assignee is, in our opinion, of good moral character and has sufficient business experience, aptitude and financial resources to own and operate a 2 Hours of Freedom Business, does not have any conflicting interests unacceptable to us, and otherwise meets our then applicable standards for franchisees. In addition the following conditions must be met prior to, or concurrently with, the effective date of the assignment:

(1) all obligations of you and your Owners under this Agreement have been assumed by the assignee and its owners;

(2) you have paid such royalty fees and National Advertising Fund contributions and any other amounts owed to us or our affiliate which are then due and unpaid;

(3) the assignee (Owners and designated employees) completes the initial training program required of new franchisees to our satisfaction;

(4) the lessor of the Location has consented to your assignment or sublease of the Location to the proposed assignee;

(5) the assignee and its owners have, at our option, executed and agreed to be bound by either: (a) an assignment and assumption agreement satisfactory to us whereby the assignee assumes your obligations under this Agreement; or (b) the form of franchise agreement, owner guarantees and such other ancillary agreements as are then customarily used by us in the grant of franchises for a 2 Hours of Freedom Business, which may provide for territorial rights, royalty fees, National Advertising Fund contributions and other fees and terms and conditions that differ from those contained in this Agreement;

(6) except to the extent limited or prohibited by applicable law, you and each of your Owners must have executed a general release, in form satisfactory to us, of any and all claims against us and our affiliate, officers, directors, employees and agents;

(7) you must provide us copies of agreements between you and the assignee pertaining to the assignment and we must have determined that the price and terms of payment are not so burdensome as to adversely affect the future operations of your 2 Hours of Freedom Business by the assignee. We have the right to communicate with and confer with both you and the proposed assignee on any aspect of the proposed assignment and to furnish the proposed assignee with financial and other information regarding your franchise business in our possession; however, we have no obligation to provide guidance or advice to either party relating to the purchase and sale terms;

(8) you must have entered into an agreement with us agreeing that any obligations of the assignee to make installment payments of the purchase price to you will be subordinate to the assignee's ongoing obligations to us, including, without limitation, royalty fees, National Advertising Fund contributions, and any other amounts owed to us or our affiliate.

(9) you and or the assignee must agree to make within a time period we specify reasonable capital expenditures to remodel, replace or upgrade the Location, and furniture, fixtures, equipment and signs so that the 2 Hours of Freedom Business reflects the then-current image intended to be portrayed by a 2 Hours of Freedom Business. All remodeling, replacements and upgrades to the Location, furniture, fixtures, equipment and signs must be done in accordance with standards and specifications as prescribed by us.

(10) you (or the assignee) pay us a Transfer Fee equal to fifty percent (50%) of the then-current Initial Franchise Fee, not to exceed Thirty Thousand Dollars ($30,000.00). The transfer fees required cover our administrative expenses in connection with the transfer. You shall pay a non-refundable deposit on the transfer fee in the amount of Ten Thousand Dollars ($10,000.00) at the time you request our written consent of the proposed transfer.

Our consent to an assignment of any interest subject to the restrictions of Paragraph 13.B or 13.C will not constitute a waiver of any claims we may have against the assignor, nor will it be deemed a waiver of our right to demand exact compliance with any of the terms or conditions of this Agreement by the assignee.

**D.** **Transfer to a New Entity.** If a proposed transfer among existing shareholders, partners or members of Franchisee the transfer fees shall be Three Thousand Dollars ($3,000.00). In the event of such transfer, Franchisor reserves the right to waive conditions or requirements contained in Paragraph 13.C. in its sole discretion and to require the Principal(s) of the transferee to execute a Guaranty and Assumption of Franchisee's Obligations as required by Paragraph 4.A.1.

**E.** **Death or Disability of Franchisee.** Upon the death or permanent disability of any of your Owners, the executor or other personal representative of such person must transfer such person's interest within a reasonable time, not to exceed six (6) months from the date of death or permanent disability, to a person approved by us. Such transfers, including, without limitation, transfers by devise or inheritance, will be subject to all the terms and conditions for assignments and transfers contained in Paragraphs 13.B and 13.C. Failure to transfer such interest within the required period of time will constitute grounds for termination under Section 14. Prior to such transfer, the executor or other personal representative of such person, or the remaining Owners, must appoint a competent manager within a reasonable time, not to exceed thirty (30) days from the date of death or permanent disability. The appointment of this manager is subject to our prior written approval, and this manager must, if requested by us, attend and satisfactorily complete our training program. If the 2 Hours of Freedom Business is not being managed by an operating manager approved by us within thirty (30) days after the death or permanent disability, we are authorized, but we are not required, to immediately appoint a manager to maintain the operations of the 2 Hours of Freedom Business. Our appointment of a manager for your 2 Hours of Freedom Business will not relieve you of your obligations under this Agreement, and we will not be liable for any debts, losses, costs or expenses incurred in the operation of your 2 Hours of Freedom Business or to any of your creditors for any products, materials, supplies or services purchased by your 2 Hours of Freedom Business during any period in which it is managed by the manager appointed by us. We have the right to charge a fee of Five Hundred Dollars ($500.00) per representative per day for such management services, plus all travel expenses, room and board and other actual expenses incurred by our representative, and to cease providing such management services at any time.

**F.** **Our Right of First Refusal.** If you or your Owners at any time wish to sell, assign or transfer for consideration either the Franchise, your 2 Hours of Freedom Business (or an interest therein) or an ownership interest in the Franchisee, you or your Owners must obtain a bona fide, executed written offer from a responsible and fully disclosed purchaser and must submit an exact copy of such offer to us. We will have the right, exercisable by written notice delivered to you or your Owners within thirty (30) days from the date of delivery of an exact copy of such offer to us, to purchase the Franchise, your 2 Hours of Freedom Business (or such interest therein) or such ownership interest in the Franchisee for the price and on the terms and conditions contained in such offer, provided that we may substitute cash for any form of payment proposed in such offer, we will have no less than sixty (60) days to prepare for closing and we will be entitled to all representations and warranties customarily given to the direct or indirect purchaser of a business. If we do not exercise our right of first refusal, you or your Owners may complete the sale to such purchaser pursuant to and on the terms of such offer, subject to our approval of the purchaser as provided in Paragraphs 13.B and 13.C, provided that if the sale to such purchaser is not completed within one-hundred twenty

(120) days after delivery of such offer to us, or if there is a material change in the terms of the offer, we will again have the right of first refusal herein provided.

**G. Broker Fees.** If we incur brokerage commissions, finder's fees or similar charges in connection with a transfer of the franchise ("Broker Fees"), an interest in the Franchised Business, the assets of the Franchise Business or an interest in the franchisee, you shall reimburse us for any such Broker Fees we incur.

## 14. TERMINATION OF THE FRANCHISE.

**A. By the Company Without Opportunity to Cure.** You will be deemed to be in default and we may, at our option, terminate this Agreement and all rights granted by this Agreement, without affording you an opportunity to cure the default, effective immediately upon delivery of notice of termination to you, if you (or any of your Owners):

(1) fail to open your 2 Hours of Freedom Business for business as provided in Paragraphs 4.E. or fail to satisfactorily complete the training program as provided in Paragraph 5.B.;

(2) have made any material misrepresentation or omission in your application for the franchise rights conferred by this Agreement;

(3) abandon, surrender, or fail to actively operate your 2 Hours of Freedom Business at the Location for five (5) or more consecutive days without our prior written consent;

(4) have any license(s) required for your 2 Hours of Freedom Business to provide the authorized services revoked by the issuing governmental authority, or you permit the license to lapse and fail to take all actions necessary to reinstate the license within five (5) days of expiration;

(5) are convicted of or plead no contest to a crime or engage in any immoral, dishonest or unethical conduct that we reasonably believe will affect the reputation of the Company, your 2 Hours of Freedom Business, the System or the goodwill associated with the Marks;

(7) make an unauthorized assignment or transfer of this Agreement or your 2 Hours of Freedom Business in violation of Section 13 herein;

(8) make any unauthorized use or disclosure of any Confidential Information, make any unauthorized use of the Marks or any other identifying characteristics of the System or otherwise impair the goodwill associated with these characteristics, or use, duplicate, or disclose any portion of the Operations Manual or other proprietary written materials;

(9) you (or any of your Owners) fail to comply with the covenants contained in Paragraph 7.B. or 7.C. of this Agreement;

(10) cause a threat or danger to public health or safety resulting from the operation of your 2 Hours of Freedom Business and upon receipt of written or oral notice from us or governmental authority of the existence of such threat or danger, you fail to immediately cease any activity or conduct causing the threat or danger and fail to complete the cure of such breach within twenty-four (24) hours;

(11) fail on three (3) or more separate occasions within any twelve (12) consecutive month period to (i) submit when due financial statements, reports or other data, information or supporting records; (ii) pay when due the royalty fees, National Advertising Fund contributions, or any other payments due to us (including by failing to have insufficient funds in the designated bank account on the date for electronic withdrawal); (iii) pay when due any approved or designated suppliers; or otherwise fail to comply with this Agreement, or with any mandatory specification, standard or operating procedures we prescribe from time to time, whether or not such failures to comply are corrected after notice of those failures to comply is delivered to you; or

(12) fail to attend two (2) or more conferences as provided in Paragraph 5.E. herein.

Further, this Agreement will expire automatically without notice upon the presentation for filing by you (or any of your Owners) of a petition or application seeking any type of relief under the Federal Bankruptcy Act or any state insolvency or similar law, or upon your assignment for the benefit of creditors. (Upon presentation for filing of such a petition or application, the term of this Agreement will be deemed to be amended so that the expiration of this Agreement occurs at the moment said petition or application is presented to a court official for stamping and filing.) This Agreement will also terminate automatically without notice if someone files a petition or application seeking to have you (or any of your Owners) adjudicated a bankrupt or insolvent, or seeking other relief against you (or any of your Owners) under the Bankruptcy Act or any state insolvency or similar law and the petition or application is not dismissed within sixty (60) days after it is filed. In that event, the term of this Agreement will be deemed to be amended so that it expires on the 60th day after filing. You (and your Owners) expressly and knowingly waive any rights you may have under the provisions of the Federal Bankruptcy Rules, and consent to the termination or expiration of this Agreement, or any other relief which we may seek in a complaint to lift the provisions of any automatic stay under any bankruptcy rules. In addition, you (and your Owners) agree not to seek any injunctive relief from any court in any jurisdiction which would have the effect of staying or enjoining this provision.

**B. <u>By the Company With Opportunity to Cure</u>.** We have the right to terminate this Agreement upon written notice to you if you (or any of your Owners):

(1) fail to accurately report the Gross Revenue of your 2 Hours of Freedom Business or to timely pay royalty fees, National Advertising Fund contributions, technology fees, or other payments due to us or our affiliate, and do not correct such failure within ten (10) days after written notice of such failure is delivered to you;

(2) fail to purchase the insurance required by this Agreement and deliver proof of same to us or fail to reimburse the Company for its purchase of such insurance on your behalf within three (3) days after notice from the Company;

(3) fails, for a period of ten (10) days after notification of non-compliance, to comply with any federal, state or local law or regulation applicable to the operation of the 2 Hours of Freedom Business;

(4) commit any act or omission of default under the lease for the Location and do not cure the default within the applicable cure period set forth in the lease;

(5) fail to comply with any other provision of this Agreement or any mandatory specification, standard or operating policy or procedure we prescribe from time to time, and do not correct such failure within thirty (30) days after written notice of such failure to comply is delivered to you. If such breach cannot be reasonably be cured within such thirty (30) day period and if you commence a bona fide program to cure such breach within thirty (30) days and continue to take such actions as are necessary to complete such cure until completed, you will be given the reasonable amount of time required to complete the cure. If you fail to continue to take the necessary action to cure or you do not complete the cure within the reasonable period, then we may terminate this Agreement effective upon delivery to you of written notice that such breach has not been cured in a reasonable time and we are electing to terminate.

**C. Right to Operate Upon Default.** In addition to our right to terminate this Agreement and not in lieu of such right or any other rights, in the event that you have not cured a default under this Agreement within fourteen (14) days after receipt of a written notice of default, we may, at our option, take over and exercise complete authority with respect to the operation of your 2 Hours of Freedom Business until such time as we determine that the default has been cured and that there is compliance with the requirements of this Agreement. You acknowledge and agree that our agent or other representative designated by us may take over, control and operate your 2 Hours of Freedom Business, that you shall pay us Seven Hundred Fifty Dollars ($750.00) per day, plus all travel expenses, room and board and other expenses reasonably incurred by such agent or representative so long as it shall be required to enforce compliance with this Agreement. You further acknowledge that if we temporarily operate your 2 Hours of Freedom Business for you under this Paragraph 14.D., you will indemnify and hold harmless Company and any agent or representative of the Company respecting any and all claims arising out of our operation of your 2 Hours of Freedom Business under this Paragraph 14.D. Nothing in this Paragraph 14.D. shall require us to operate your 2 Hours of Freedom Business when you are in default.

**D. Monetary Fees for Non-Compliance.** In addition to any and all other remedies available to Company under this Agreement or under the law upon your default, Company may impose on Franchisee monetary non-compliance fees of One Hundred Dollars ($100) per day or per occurrence (whichever is applicable) for defaults under this Agreement.

**E. Cross Default.** Any default by you (or a different entity owned by your Owners) of any Franchise Agreement with us shall be deemed a default under this Agreement and any default by you of this Agreement shall be deemed a default under any other Franchise Agreement between us and you (or a different entity owned by your Owners). If the nature of such default under any other agreement would have permitted us to terminate this Agreement if such default had occurred under this Agreement, the Company shall have the right to terminate any other Franchise Agreement between us (or a different entity owned by your Owners) in the same manner as provided herein for termination of this Agreement.

**F. Additional Remedies.** In addition to and without limiting our rights and remedies under this Agreement, any other agreement and applicable law, upon any events upon which we may terminate this Agreement under this Article 14, we may, at our sole option and upon delivery of written notice to you, elect to take any or all of the following actions without terminating this Agreement:

(1) temporarily or permanently reduce the size of the Territory, in which even the restrictions upon Paragraph 2.C. will not apply in the geographic area that was removed from the Territory;

(2) refuse to provide any operation support that this Agreement required or we have elected to provide or suspend any other services that we or our affiliate provide to you under this Agreement or any other agreement; and/or

(3) temporarily remove information concerning your 2 Hours of Freedom Business from the 2 Hours of Freedom Website.

## 15. RIGHTS OF THE COMPANY AND OBLIGATIONS OF FRANCHISEE UPON TERMINATION OR EXPIRATION OF THE FRANCHISE.

**A. Payment of Amounts Owed to the Company.** You agree to pay to us within ten (10) days after the effective date of termination or expiration (without acquisition of a successor franchise) of this Agreement such royalty fees, National Advertising Fund contributions, late fees and interest due us on any of the foregoing and all other amounts owed to us and our affiliate which are then unpaid. You must furnish a complete accounting of all such amounts owed to us and our affiliate with the payment.

**B. The Marks.** You (and your Owners) agree that after the termination or expiration (without acquisition of a successor franchise) of this Agreement you will:

(1) not directly or indirectly at any time or in any manner identify yourself or any business as a current or former 2 Hours of Freedom Business, or as a franchisee or licensee of or as otherwise associated with the Company, or use the Marks, any colorable imitation thereof or other indicia of a 2 Hours of Freedom Business in any manner or for any purpose, or utilize for any purpose any trade

name, trademark, service mark, trade dress, domain name, or other commercial symbol that suggests or indicates a connection or association with the Company;

(2) promptly return to us or destroy (whichever we specify) all signs, promotional and advertising materials, forms, and other materials containing the Marks or otherwise identifying or relating to a 2 Hours of Freedom Business;

(3) promptly take such action as may be required to cancel all fictitious or assumed name, "doing business as" or equivalent registrations relating to your use of the Marks;

(4) promptly notify the telephone company and all listing agencies of the termination or expiration of your right to use any telephone number and any telephone directory listings or digital marketing accounts associated with the Marks and to authorize transfer of same to or at the direction of the Company. You acknowledge that as between the Company and you, we have the sole right to and interest in all telephone numbers, digital marketing accounts, and directory listings associated with the Marks, and you authorize the Company, and by execution of the Exhibit 3 Conditional Assignment of Telephone Number and Digital Marketing Accounts have appointed the Company and any officer of the Company as your attorney-in-fact, to direct the telephone company, digital marketing companies, and all listing agencies to transfer same to the Company or at its direction, should you fail or refuse to do so, and the telephone company and all listing agencies may accept such direction or this Agreement as conclusive of the exclusive rights of the Company in such telephone numbers, digital marketing accounts and directory listings and its authority to direct their transfer;

(5) promptly cancel, or at our option transfer to us, all social media or digital marketing accounts, and provide passwords for same;

(6) furnish to us within thirty (30) days after the effective date of termination or expiration evidence satisfactory to us of your compliance with the foregoing obligations.

**C. Confidential Information.** You agree that upon termination or expiration (without acquisition of a successor franchise) of this Agreement, you will immediately cease to use in any business or otherwise the Confidential Information disclosed to you pursuant to this Agreement and will return to us, at your expense, all copies of the Operations Manual, our curriculum, any proprietary software and other materials containing our proprietary information which have been loaned to you by us. Further, you shall deliver to us and not retain any copies of all customer lists and all other customer data, and other information and records regarding the customers. You expressly and specifically acknowledge and agree that the customer data and records acquired during the term of the franchise are valuable property rights which you may use during the term of this Agreement, but which belong to us in the event of expiration or termination of the Franchise Agreement for any reason.

**D. Cease Operations.** Upon termination or expiration of this Agreement, you shall immediately cease to operate your 2 Hours of Freedom Business at the Location under this

Agreement, either as a franchised or as a non-franchised Location, and shall not thereafter, directly or indirectly, represent to the public or hold itself out as a present or former franchisee of the Company.

**E. Assignment of Lease.** Upon termination or expiration of this Agreement, we have the right but not the obligation to require you to immediately assign to us your interest in any lease then in effect for the premises of your Location. On the later of the execution of this Agreement or the date you execute a lease for the Location, you shall execute the Addendum to Lease and Collateral Assignment of Lease attached hereto as Exhibit 4, have such document signed by the lessor, and deliver the signed document to us.

**F. De-Identification of Location.** Upon termination or expiration of this Agreement, you agree, in the event you continue to operate or subsequently begin to operate any other business (subject to any restrictions against doing so provided in this Agreement), not to use any reproduction, counterfeit, copy or colorable imitation of the Marks or trade dress either in connection with such other business or the promotion thereof, which is likely to cause confusion, mistake or deception, or which is likely to dilute our exclusive rights in and to the Marks and further agree not to utilize any designation of origin or description or representation which falsely suggests or represents an association or connection with us so as to constitute unfair competition. If we do not opt to take assignment of the lease for the Location upon the expiration or termination of this Agreement, you shall immediately make such modifications or alterations to the Location as may be necessary to prevent any association between us or the System and any business thereon subsequently operated by you or others, and shall make such specific additional changes thereto as we may reasonably request for that purpose. In the event you fail or refuse to comply with the requirements of this Paragraph, we shall have the right to enter upon the premises, without being guilty of trespass or any other tort, for the purpose of making or causing to be made such changes as may be required at your expense, which expense you agree to pay upon demand.

**G. Purchase of Assets.** Upon termination or expiration of this Agreement, we shall have the right (but not the duty), to be exercised by notice of intent to do so within thirty (30) days after termination or expiration, to purchase for cash any or all furniture, fixtures, equipment, products, supplies, and all items bearing the Marks, at your cost or fair market value, whichever is less. If the parties cannot agree on fair market value within a reasonable time, an appraiser shall be designated by us, and his determination shall be binding. If we elect to exercise any option to purchase herein provided we shall have the right to set off all amounts due from you under this Agreement, and the cost of the appraisal, if any, against any payment therefore.

**H. Covenants.** Upon termination or expiration of this Agreement, you shall comply with the covenants contained in Section 16 of this Agreement.

**I. Continuing Obligations.** All obligations of the Company and you which expressly or by their nature survive the expiration or termination of this Agreement will continue in full force and effect subsequent to and notwithstanding its expiration or termination and until they are satisfied or by their nature expire.

## 16. POST-TERM COVENANT NOT TO COMPETE.

**A. Covenant Not To Compete.** Upon assignment, termination or expiration (without acquisition of a successor franchise) of this Agreement, you (and your Owners) agree that for a period of two (2) years, commencing on the effective date of termination or expiration, or the date on which you cease to conduct the business conducted pursuant to this Agreement, whichever is later (the "Commencement Date"), you (and your Owners) will not:

(1) have any direct or indirect interest as an owner, partner, director, officer, employee, consultant, representative or agent, or in any other capacity, in (a) any Competitive Business selling services or products substantially similar to the 2 Hours of Freedom Business being offered as of the date of termination or expiration (except other the 2 Hours of Freedom Businesses operated pursuant to franchise agreements with us), which is located (i) within twenty (20) miles of the Location operated by you under this Agreement or (i) within twenty (20) miles of the Location of any other then existing 2 Hours of Freedom Business, or (b) any entity which is granting franchises or licenses or entering into joint venture relationships for any business which offers products or services similar to those offered by a 2 Hours of Freedom Business, other than the ownership of securities traded on a stock exchange or on the over-the-counter market that represent five percent (5%) or less of that class of securities.

(2) directly or indirectly divert or attempt to divert any former customer of your 2 Hours of Freedom Business to any Competitive Business;

(3) employ or seek to employ any person employed by Company or by any other 2 Hours of Freedom Business, or otherwise directly or indirectly induce or seek to induce such person to leave his or her employment; and

(4) directly or indirectly, solicit or sell services or products to any former customer of your 2 Hours of Freedom Business.

The ownership of five percent (5%) or less of a publicly traded company will not be deemed to be prohibited by this paragraph.

**B. Court Modification of Agreement.** You agree that this form of Agreement is prepared for use in many jurisdictions with differing public policies and that such public policies change. Accordingly, you agree that the prevailing non-competition restrictions set forth above may be modified by a Court to the extent necessary to make the non-competition agreements valid and enforceable against you.

**C. Enforcement of Covenants Not to Compete**. You acknowledge that violation of the covenants not to compete contained in this Agreement would result in immediate and irreparable injury to the Company for which no adequate remedy at law will be available. Accordingly, you

hereby acknowledge that the Company may seek to obtain the entry of an injunction prohibiting any conduct by you or your Owners in violation of the terms of the covenants not to compete set forth in this Agreement. You expressly agree that it may conclusively be presumed that any violation of the terms of said covenants not to compete was accomplished by and through your unlawful utilization of the Company's Confidential Information. Further, you expressly agree that the existence of any claims you may have against the Company, whether or not arising from this Agreement, shall not constitute a defense to the enforcement by the Company of the covenants not to compete set forth in this Agreement. You further agree to pay all costs and expenses (including reasonable attorneys' and experts' fees) incurred by the Company in connection with the enforcement of those covenants not to compete set forth in this Agreement.

## 17. ENFORCEMENT.

**A. Invalid Provisions; Substitution of Valid Provisions; Severability.** To the extent that any provision of this Agreement is deemed unenforceable, you agree that the invalid provision will be deemed modified or limited to the extent or manner necessary to make that particular provision valid and enforceable to the greatest extent possible in light of the intent of the parties expressed in that provision under the laws applied in the forum in which we are seeking to enforce it.

If any lawful requirement or court order of any jurisdiction: (1) requires a greater advance notice of the termination or decision not to grant a successor franchise of this Agreement than is required under this Agreement, or the taking of some other action which is not required by this Agreement; or (2) makes any provision of this Agreement or any specification, standard or operating policy or procedure we prescribed invalid or unenforceable, the advance notice and/or other action required or revision of the specification, standard or operating policy or procedure will be substituted for the comparable provisions of this Agreement in order to make the modified provision enforceable to the greatest extent possible. You agree to be bound by the modification to the greatest extent lawfully permitted. No modification will impact the operation of, or have any other effect upon, any other terms, provisions, and/or covenants of this Agreement.

The provisions of this Agreement are deemed to be severable. The parties agree that each provision of this Agreement will be construed as independent of any other provision of this Agreement.

**B. Waiver of Obligations/Approvals and Consents.** Either you or the Company may, by written instrument, unilaterally waive or reduce any obligation of or restriction upon the other party under this Agreement, effective upon delivery of written notice thereof to the other or such other effective date stated in the notice of waiver. Whenever this Agreement requires our prior approval or consent, you must make a timely written request for it. Our approval or consent will not be valid unless it is in writing.

We make no warranties or guaranties upon which you may rely, and we assume no liability or obligation to you, by virtue of granting any waiver, approval or consent, or by reason of any neglect, delay or denial of any request for a waiver, approval or consent. Any waiver granted by us will be

without prejudice to any other rights we may have, will be subject to our continuing review, and may be revoked, in our sole discretion, at any time and for any reason, effective upon delivery to you of ten (10) days prior written notice.

Neither you nor the Company will be deemed to have waived or impaired any right, power or option reserved by this Agreement (including, without limitation, the right to demand exact compliance with every term, condition and covenant herein, or to declare any breach thereof to be a default and to terminate the Franchise prior to the expiration of its terms), by virtue of: (i) any custom or practice of the parties at variance with the terms hereof; (ii) any failure, refusal or neglect of either of us to exercise any right under this Agreement or to insist upon exact compliance by the other with its obligations hereunder, including, without limitation, any mandatory specification, standard or operating procedure; (iii) any waiver, forbearance, delay, failure or omission by us to exercise any right, power or option, whether of the same, similar or different nature, with respect to other 2 Hours of Freedom Businesses; or (iv) the acceptance by us of any payments due from you after any breach of this Agreement.

Neither you nor the Company will be liable for loss or damage or deemed to be in breach of this Agreement if the failure to perform our respective obligations results from: (i) transportation shortages or inadequate supply of labor, material or energy beyond the control of the parties, or the voluntary foregoing of the right to acquire or use any of the foregoing in order to accommodate or comply with the orders, requests, regulations, recommendations or instructions of any federal, state or municipal government or any department or agency thereof; (ii) compliance with any law, ruling, order, regulation, requirement or instruction of any federal, state, or municipal government or any department or agency thereof; (iii) acts of God; (iv) acts or omissions of the other party; (v) fires, strikes, embargoes, war, riot or acts of terrorism; or (vi) any other similar event or cause. Any delay resulting from any of the causes set forth above will extend performance accordingly or excuse performance, in whole or in part, as may be reasonable.

**C. <u>Arbitration; Mediation.</u>** Except as qualified below, any dispute between you and us and any of our or your affiliate, officers, directors, shareholders, members, guarantors, employees or owners arising under, out of, in connection with or in relation to this Agreement, any lease for the Location or approved location, the parties' relationship, the Location, our Standards, or the scope or validity of the arbitration obligations under this Section must be submitted to binding arbitration under the authority of the Federal Arbitration Act and must be arbitrated in accordance with the then-current rules and procedures and under the auspices of the American Arbitration Association ("AAA"). Any arbitration must be on an individual basis, and not as part of a consolidated, common, or class action, and you and/or your Owners waive any right to proceed on a consolidated, common, or class basis. Multiparty arbitration is specifically excluded, and the parties and the arbitrator will have no authority or power to proceed with any claim as a class action or otherwise to join or consolidate any claim with any claim or other proceeding involving third parties. In the event a court or arbitrator determines that this exclusion of multiparty arbitration (including class arbitration) is unenforceable, then this entire commitment to arbitrate will be null and void and the parties must submit all claims to the jurisdiction of the courts. Arbitration shall take place at the AAA office nearest Company's principal place of business. The

arbitrators must follow the law and not disregard the terms of this Agreement. Any arbitrator must have at least five years' experience in franchising or in franchise law.

Any unappealed decision of the arbitrator(s) will be final and binding on all parties to the dispute; however, the arbitrator(s) shall have no authority to: (i) stay the effectiveness of any pending termination of this Agreement; (ii) assess punitive or exemplary damages; (iii) certify a class or consolidate an action, or (iv) make any award which extends, modifies or suspends any lawful term of this Agreement or any reasonable standard of business performance that we set. A judgment may be entered upon the arbitration award by any court of competent jurisdiction.

We and you agree to be bound by the provisions of any limitation on the period of time by which claims must be brought under this Agreement or applicable law, whichever expires first. We and you further agree that, in connection with any arbitration proceeding, each party must submit or file any claim which would constitute a compulsory counterclaim (as defined by the then-current Rule 13 of the Federal Rules of Civil Procedure) within the same proceeding as the claim to which it relates. Any such claim which is not submitted or filed in such proceeding will be barred. The arbitrator may not consider any settlement discussions or offers that might have been made by either you or us. We reserve the right, but have no obligation, to advance your share of the costs of any arbitration proceeding in order for such arbitration proceeding to take place and by doing so will not be deemed to have waived or relinquished our right to seek the recovery of those costs in accordance with Paragraph 18.J. Except as may be required by law, neither a party nor an arbitrator may disclose the existence, content, or results of any arbitration under this Article 17 without the prior written consent of both parties. The provisions of this Article are intended to benefit and bind certain third-party non- signatories and will continue in full force and effect subsequent to and notwithstanding the expiration or termination of this Agreement.

Any award rendered by the arbitrator(s) may be appealed pursuant to the AAA's Optional Appellate Arbitration Rules in effect as of the Effective Date of this agreement ("Appellate Rules"). Any award will, at a minimum, be a reasoned award. The award will not be considered final until after the time for filing the notice of appeal pursuant to the Appellate Rules has expired. Appeals must be initiated within thirty (30) days of receipt of an award, as defined by Rule A-3 of the existing Appellate Rules, by filing a notice of appeal with any AAA office. The appeal tribunal may affirm, reverse, or modify the award of the arbitrator(s), or return the matter to the arbitrator(s) for further action. A final award may be entered once the appeal process is complete or the time for filing an appeal has expired, and a judgment may be entered upon the arbitration award in accordance with the procedures identified above.

Before the filing of any arbitration, the parties agree to mediate any dispute that does not include injunctive relief or specific performance actions covered under Paragraph 17.D, provided that the party seeking mediation must notify the other party of its intent to mediate prior to the termination of this Agreement. Mediation will be conducted by a mediator or mediation program agreed to by the parties and will take place in the county of Company's then current principal place of business. Persons authorized to settle the dispute must attend any mediation session. The parties agree to participate in the mediation proceedings in good faith with the intention of resolving the dispute if

at all possible within thirty (30) days of the notice from the party seeking to initiate the mediation procedures. If not resolved within thirty (30) days, the parties are free to pursue arbitration.

**D. Injunctive Relief.** Notwithstanding Paragraph 17.C., the parties agree that the following claims will not be subject to arbitration or mediation: (i) any action for declaratory or equitable relief, including, without limitation, seeking preliminary or permanent injunctive relief, specific performance, other relief in the nature of equity to enjoin any harm or threat of harm to such party's tangible or intangible property, brought at any time, including without limitation, prior to or during the pendency or any arbitration proceeding initiated under Paragraph 17.C.; or (ii) any action in ejectment or for possession of any interest in real or personal property; or (iii) our decision in the first instance to issue a notice of default and/or notice of termination, or undertake any other conduct with respect to the franchise relationship that might later result in a dispute or controversy between us.

**E. Cumulative Remedies.** The rights and remedies specifically granted to either you or us by this Agreement will not be deemed to prohibit either of us from exercising any other right or remedy provided under this Agreement or permitted by law or equity.

**F. Governing Law/Consent to Jurisdiction.** Except to the extent governed by the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. Sections 1051 et sea.) or any other applicable federal law, this Agreement and the 2 Hours of Freedom will be governed by the laws of the state of Company's then current principal place of business, except that the provisions of any franchise law of such state shall not apply unless the jurisdictional requirements of said law have been met independently of this provision.

You agree that we may institute any action against you arising out of or relating to this Agreement in any state or federal court of general jurisdiction over the county of Company's then current principal place of business, and you (and your Owners) irrevocably submit to the exclusive jurisdiction of such court and waive any objection you may have to either the jurisdiction or venue of such court. You agree to the exclusive jurisdiction of such courts and agree not to sue us regarding any matter relating in any way to this Agreement except in such courts.

**G. WAIVER OF JURY TRIAL.**

Each party irrevocably waives trial by jury in any action, proceeding or counterclaim, whether at law or in equity, brought by either party.

**H. LIMITATIONS OF CLAIMS**

Any claim concerning the 2 Hours of Freedom Business or this Agreement or any related agreement will be barred unless an action for a claim is commenced within two (2) years from the date on which you or Company knew or should have known, in the exercise of reasonable diligence, of the facts giving rise to the claim.

## I. LIMITATION OF DAMAGES

You and Company each waive, to the fullest extent permitted by law, any right or claim for any punitive or exemplary damages against the other and agree that if there is a dispute with the other, each will be limited to the recovery of actual damages sustained by it including reasonable accounting and legal fees as provided in Paragraph 18.K. herein.

**J. Costs and Attorneys' Fees.** If a claim for amounts owed by you to Company or its affiliate is asserted in any legal proceeding before a court of competent jurisdiction, or if you or Company is required to enforce this Agreement in a judicial proceeding, the party prevailing in such proceeding will be entitled to reimbursement of its costs and expenses, including reasonable accounting and legal fees, expert witness fees, court costs and other expenses of litigation, whether incurred prior to, in preparation for or in contemplation of the filing of any written demand, claim, action, hearing or proceeding to enforce the obligations of this Agreement.

**K. Binding Effect**. This Agreement is binding on and will inure to the benefit of our successors and assigns and will be binding on and inure to the benefit of your successors and assigns, and if you are an individual, on and to your heirs, executors and administrators.

**L. Entire Agreement; Modifications.** This Agreement, together with the introduction and exhibits and attachments to it and the Operations Manual and all other written standards, specifications or policies issued by Company, constitute the entire agreement between us, and there are no other oral or written understandings or agreements between us concerning the subject matter of this Agreement. Nothing in this or any related agreement, however, is intended to disclaim the representations we made in the Franchise Disclosure Document that we furnished to you. Except for modifications permitted to be made unilaterally by us, this Agreement may be modified only by written agreement signed by both you and us.

**M. No Liability to Others; No Other Beneficiaries.** We will not, because of this Agreement or by virtue of any approvals, advice or services provided to you, be liable to any person or legal entity who is not a party to this Agreement, and no other party will have, or is intended to have, any rights because of this Agreement. We do not warrant that the obligations of this Agreement have been agreed to by or will be enforced against any of our other franchisees.

**N. Construction.** The headings of the several sections and paragraphs of this Agreement are for convenience only and do not define, limit or otherwise affect the meaning or construction of any provision.

The term "you" or "Franchisee" as used in this Agreement is applicable to one or more persons or an entity, as the case may be; the term "entity" means any non-human entity created at law, including, without limitation, corporations, partnerships and limited liability companies, and the singular usage includes the plural and the masculine and neuter usages include the other and the feminine. If two or more persons are at any time Principal(s) of Franchisee under this Agreement, their obligations and liabilities to us will be joint and several. References to the "Franchisee" and assignee which are

applicable to an individual or individuals mean the direct or indirect owner(s) of the equity or operating control of the Franchisee or the assignee, if the Franchisee or the assignee is an entity.

Except where this Agreement expressly obligates us to reasonably approve or not unreasonably withhold our approval of any of your actions or requests, we have the absolute right to refuse any request by you or to withhold our approval of any action or omission by you.

The term "affiliate" as used in this Agreement is applicable to any company directly or indirectly owned or controlled by us, or under common ownership with us, or that directly or directly owns or controls us, that owns or operates the 2 Hours of Freedom Businesses, sells products used in connection with the operation of a 2 Hours of Freedom Business, is otherwise associated with the Marks and System, or otherwise transacts business with you.

Time is of the essence in this Agreement.

**O. Anti-Terrorism Laws.** You and your Owners agree to comply with and/or to assist us to the fullest extent possible in our efforts to comply with Anti-Terrorism Laws (as defined below). In connection with such compliance, Franchisee, you and your Owners certify, represent, and warrant that none of your property or interest is subject to being "blocked" under any of the Anti-Terrorism Laws and that your and/or your Owners are not otherwise in violation of any of the Anti-Terrorism Laws. "Anti-Terrorism Laws" means the USA PATRIOT Act or similar laws, presidential executive orders, and all other present and future federal, state and local laws, ordinances, regulations, policies, lists and any other requirements of any governmental authority addressing in or in any way relating to terrorist acts and acts of war. You and your Owners acknowledge and agree that any violation of the Anti-Terrorism Laws by any of you or your employees or any "blocking" of any of your assets under the Anti-Terrorism laws shall constitute grounds for immediate termination of this Agreement and any other agreement you shall have entered with us or its affiliate, in accordance with the termination provisions of this Agreement.

**P. Electronic Signature and Delivery**. This Agreement may be signed with full legal force and effect using electronic signatures and records. Delivery of this Agreement by facsimile, e-mail or other functionally equivalent electronic means of transmission constitutes valid and effective delivery.

**Q. Liquidated Damages.** Company shall have the right to impose liquidated damages against you in the following events: (a) you terminate this Agreement without good cause, (b) we terminate this Agreement based on your material breaches under this Agreement, (c) you abandon the 2 Hours of Freedom Business, which for purposes of this Section is failing to open or operate the 2 Hours of Freedom Business for more than five (5) consecutive days, (d) you lose possession of the premises of the 2 Hours of Freedom Business and fail to find a new location and to re-open the 2 Hours of Freedom Business; or (e) you transfer an interest in the 2 Hours of Freedom Business or the ownership of 2 Hours of Freedom Business or of your assets or the 2 Hours of Freedom Business (or any interest therein) without fully complying with Article 13 of this Agreement, whether or not we terminate this Agreement. The amount of liquidated damages shall

be equal to (i) twenty-four (24) times (ii) the average Gross Sales of your 2 Hours of Freedom Business during the twelve (12) months immediately preceding the date of termination (or if you have been in business less than twelve (12) months, then during the entire period Franchisee has been in business), times (iii) six percent (6%). This remedy is in addition to Company's other rights and remedies set forth in this Agreement. The liquidated damages are not a penalty or forfeiture but are a reasonable measure of damages where the exact amount of actual damages would be difficult to ascertain. You also agree to pay our costs and attorney's fees in connection with enforcing this Liquidated Damages provision.

## 18. NOTICES AND PAYMENTS.

All written notices and reports permitted or required to be delivered by the provisions of this Agreement or of the Operations Manual will be deemed to be delivered at the time delivered by hand, one (1) business day after deposit within commercial overnight courier or three (3) business days after placement in the U.S. Mail by Registered or Certified Mail, Return Receipt Requested, postage prepaid and addressed to the party to be notified at its most current principal business address of which the notifying party has been notified or to any other place designated by either party, or on the date of receipt of transmission of an e-mail from us on the condition that we also send a hard copy of the notice by U.S. Mail on the same date the e-mail is sent to you.

All payments and reports required by this Agreement must be directed to us at the address of which you are notified from time to time, or in such other manner or to such other persons and places as we may direct from time to time.

*[Signature Page Follows.]*

IN WITNESS WHEREOF the parties hereto have executed, sealed and delivered this Agreement in counterparts on the dates set forth below each signature.

| | |
|---|---|
| **2 HOURS OF FREEDOM FRANCHISE GROUP, LLC**<br>An Illinois limited liability company | **FRANCHISEE: _____**<br>A _____ |
| By _____ | By: _____ |
| Name: _____ | Name: _____ |
| Title: _____ | Title: _____ |
| Dated: _____ | Dated: _____ |

**EXHIBIT 1 TO THE**
**FRANCHISE AGREEMENT**

**LOCATION AND TERRITORY**

The parties hereto agree that the Location to be operated by you pursuant to the Franchise Agreement shall be located at the following premises:

_____

_____

(the "Premises").

You acknowledge and agree that our approval of the premises for your 2 Hours of Freedom Business and any information communicated to you regarding the Premises for your 2 Hours of Freedom Business do not constitute a representation or warranty of any kind, expressed or implied, as to the suitability of the Premises for a 2 Hours of Freedom Business, of the economic terms of the lease, or for any other purpose. Our approval of the Premises indicates only that we believe that the Premises falls within the then-current acceptable criteria established by us as of the time period encompassing the evaluation. You and we acknowledge that application of criteria that have been effective with respect to other sites and premises may not be predictive of potential for all sites and premises and that, subsequent to our approval of a site and premises, demographic and/or economic factors, including competition from other businesses, included in or excluded from our criteria could change, thereby altering the potential of a site and premises. The uncertainty and instability of such criteria are beyond our control and you must agree that we will not be responsible for the failure of a site and premises approved by us to meet expectations as to potential revenue or operational criteria. You further acknowledge and agree that your acceptance of a franchise for the operation of a 2 Hours of Freedom Business at the Premises is based on your own independent investigation of the suitability of the Premises.

The Territory shall either be (i) a certain mile radius from the Premises, depending on the nature of the area in which the Premises is located or (ii) a geographic area with at least a three (3) mile radius from the Premises, described in Attachment A attached hereto. *[We will mark as applicable and you must initial.]*

_____ a _____ mile radius from Premises *Initials* _____

_____ a geographic area described in Attachment A *Initials* _____

*[Signature Page Follows.]*

**2 HOURS OF FREEDOM FRANCHISE GROUP, LLC**
An Illinois limited liability company

**FRANCHISEE:** _____
A _____

By _____

Name: _____

Title: _____

Dated: _____

By: _____

Name: _____

Title: _____

Dated: _____

**Attachment A to Exhibit 1**
**Location and Territory**

**EXHIBIT 2 TO THE**
**FRANCHISE AGREEMENT**

**GUARANTY AND ASSUMPTION OF OBLIGATIONS**

THIS GUARANTY AND ASSUMPTION OF OBLIGATIONS is given by _____
_____

In consideration of, and as an inducement to, the execution of that certain Franchise Agreement on this date (the "Agreement") by 2 HOURS OF FREEDOM FRANCHISE GROUP LLC (the "Company"), each of the undersigned hereby personally and unconditionally, jointly and severally: (a) guarantees to the Company, and its successors and assigns, for the term of the Agreement and thereafter as provided in the Agreement, that _____ ("Franchisee") will punctually pay and perform each and every undertaking, agreement and covenant set forth in the Agreement; and (b) agrees to be personally bound by, and personally liable for the breach of, each and every provision in the Agreement, both monetary obligations and obligations to take or refrain from taking specific actions or to engage or refrain from engaging in specific activities.

Each of the undersigned waives: (1) acceptance and notice of acceptance by the Company of the foregoing undertakings; (2) notice of demand for payment of any indebtedness or non-performance of any obligations hereby guaranteed; (3) protest and notice of default to any party with respect to the indebtedness or non-performance of any obligations hereby guaranteed; (4) any right he or she may have to require that an action be brought against Franchisee or any other person as a condition of liability; and (5) any and all other notices and legal or equitable defenses to which he may be entitled.

Each of the undersigned consents and agrees that: (1) his or her direct and immediate liability under this Guaranty will be joint and several with all other current and future guarantors of Franchisee's obligations; (2) he or she will render any payment or performance required under the Agreement upon demand if Franchisee fails or refuses punctually to do so; (3) such liability will not be contingent or conditioned upon pursuit by the Company of any remedies against Franchisee or any Other person; (4) such liability will not be diminished, relieved or otherwise affected by any extension of time, credit or other indulgence which the Company may from time to time grant to Franchisee or to any Other person, including without limitation, the acceptance of any partial payment or performance, or the compromise or release of any claims, none of which will in any way modify or amend this Guaranty, which will be continuing and irrevocable during the term of the Agreement; and (5) this Guarantee shall apply to any amounts recovered from Company as a preference, fraudulent transfer or otherwise in a bankruptcy or similar proceeding.

*[Signature Page Follows.]*

IN WITNESS WHEREOF, each of the undersigned has hereunto affixed his signature on the same day and year as the Agreement was executed.

| GUARANTOR(S) | % OF INTEREST IN FRANCHISEE |
|---|---|
| _____ | _____ |
| Print Name: _____ | |
| Home Address: _____ | |
| Dated: _____ | |
| _____ | _____ |
| Print Name: _____ | |
| Home Address: _____ | |
| Dated: _____ | |
| _____ | _____ |
| Print Name: _____ | |
| Home Address: _____ | |
| Dated: _____ | |
| _____ | _____ |
| Print Name: _____ | |
| Home Address: _____ | |
| Dated: _____ | |

(Percentage must equal 100)

**EXHIBIT 3 TO THE**
**FRANCHISE AGREEMENT**

**CONDITIONAL ASSIGNMENT OF FRANCHISEE'S TELEPHONE NUMBERS AND DIGITAL MARKETING ACCOUNTS**

Franchisee (Assignor): _____, whose business address is _____, in consideration of the granting of a franchise to Assignor contemporaneously herewith, and other valuable consideration paid by 2 HOURS OF FREEDOM FRANCHISE GROUP LLC (Franchisor/Assignee), having its principal place of business at 1613 W. Colonial Pkwy, Inverness, IL 60067, hereby assigns unto the Franchisor/Assignee (i) all telephone numbers and listings utilized by Assignor in the operation of Assignor's 2 Hours of Freedom Business at Assignor's address above-referenced, and (ii) all Digital Marketing accounts and all Digital Marketing passwords and log-in information. As used in this Assignment, "Digital Marketing" means the integrated marketing services used to attract, engage and convert customers online. Digital Marketing utilizes multiple channels such as content marketing, influencer marketing, SEO, social media and online advertising to help brands connect with customers. Assignor acknowledges that 2 Hours of Freedom and associated marks are solely the property of Franchisor/Assignee. As such, Assignor's right to use any telephone numbers and directory listings and Digital Marketing associated with 2 Hours of Freedom trademarks and service marks was solely due to a limited license granted by Franchisor/Assignee in connection with the Franchisor/Assignee's trademark(s)/service mark(s) pursuant to a Franchise Agreement. Once said license has expired and/or terminated pursuant to the expiration or termination of the Franchise Agreement, Assignor has no right to the telephone number or directory listing or Digital Marketing associated with the Franchisor/Assignee's trademark, including, but not limited to 2 Hours of Freedom.

This Assignment shall constitute authorization to the appropriate telephone company to change and transfer to Franchisor/Assignee all of Assignor's rights in and to the use of said business telephone lines and Assignor hereby irrevocably appoints and authorizes Franchisor/Assignee to act as Assignor's attorney-in-fact and hereby empowers Franchisor/Assignee to execute such instruments in the Assignee's name in order to give full effect to this Assignment and to effectuate any transfer.

Upon the Assignment, Franchisor/Assignee hereby assumes the performance of all of the terms, covenants and conditions of the third parties holding such accounts with the full force and effect as if the Franchisor/Assignee has been originally issued such telephones, telephone numbers, telephone listings and Digital Marketing accounts.

*[Signature Page Follows.]*

**ASSIGNOR (Franchisee):**

By: _____
Name: _____
Title: _____
Dated: _____

**FRANCHISOR/ASSIGNEE**:
2 HOURS OF FREEDOM FRANCHISE GROUP LLC

By: _____
Name: _____
Title: _____
Dated: _____

**EXHIBIT 4 TO THE**
**FRANCHISE AGREEMENT**

# ADDENDUM TO LEASE AND COLLATERAL ASSIGNMENT OF LEASE

## ADDENDUM TO LEASE AND COLLATERAL ASSIGNMENT OF LEASE

A. The parties hereto have entered into a certain Lease Agreement, dated _____, 20__, and pertaining to the premises located at _____ ("Lease").

B. Lessor acknowledges that Lessee intends to operate a 2 Hours of Freedom Franchised Business from the leased premises ("Premises") pursuant to a Franchise Agreement ("Franchise Agreement") with 2 Hours of Freedom Franchise Group LLC, an Illinois limited liability company ("Franchisor") under the names 2 Hours of Freedom, or other name designated by Franchisor (herein referred to as "Franchised Business").

C. The parties now desire to amend the Lease in accordance with the terms and conditions contained herein.

**NOW, THEREFORE**, it is hereby mutually covenanted and agreed between Lessor and Lessee as follows:

1. Term. The term of the Lease (initial term or initial term plus any renewal options) shall extend through the term of the Franchise Agreement which shall expire on _____.

2. Use of Premises. Lessor and Lessee agree that, during the term of the Franchise Agreement, the Premises shall be used only for the operation of a Franchised Business under a Franchise Agreement with Franchisor, unless another use is approved in writing Franchisor.

3. Remodeling and Decor. Lessor agrees that Lessee shall have the right to remodel, equip, paint and decorate the interior of the Premises and to display the proprietary marks and signs on the interior and exterior of the Premises as Lessee is reasonably required to do pursuant to the Franchise Agreement and any successor Franchise Agreement under which Lessee may operate a 2 Hours of Freedom Business on the Premises.

4. Franchisor's Right to Enter. Lessor and Lessee agree that the employees of Franchisor, or its parent, subsidiaries or affiliate, shall have the right to enter the leased premises to make any modifications necessary to protect their proprietary marks.

5. Retail Radius Restrictions in Lease. Any "retail radius restriction" or similar provision shall not be binding upon nor enforceable against Franchisor, nor shall such provision be enforceable against the Lessee in case Franchisor, its parent, subsidiaries or affiliate open a location within a restricted area.

6. Assignment. Lessee shall have the right to assign all of its right, title and interest in the Lease to Franchisor or its parent, subsidiary, affiliate, or another franchisee, at any time during the term of the Lease, including any extensions or renewals thereof, without first obtaining Lessor's consent in accordance with the Collateral Assignment of Lease attached hereto as Attachment A (the "Collateral Assignment"). However, no assignment shall be effective until the time as Franchisor or its designated affiliate gives Lessor written notice of its acceptance of the assignment, and nothing contained herein or in any other document shall constitute

Franchisor or its designated transferee a party to the Lease, or guarantor thereof, and shall not create any liability or obligation of Franchisor or its designated transferee unless and until the Lease is assigned to, and accepted in writing by, Franchisor or its designated transferee. In the event of any assignment, Lessee shall remain liable under the terms of the Lease. Franchisor shall have the right to reassign the Lease to another franchisee without the Lessor's consent in accordance with this Section.

7. Default and Notice.

a) In the event there is a default or violation by Lessee under the terms of the Lease, Lessor shall give Lessee and Franchisor written notice of the default or violation within a reasonable time after Lessor receives knowledge of its occurrence. If Lessor gives Lessee a default notice, Lessor shall contemporaneously give Franchisor a copy of the notice. Franchisor shall have the right, but not the obligation, to cure the default. Franchisor will notify Lessor whether it intends to cure the default and take an automatic assignment of Lessee's interest as provided in the Collateral Assignment. Franchisor will have an additional 15 days from the expiration of Lessee's cure period in which it may exercise the option, but it is not obligated, to cure the default or violation.

b) All notices to Franchisor shall be sent by registered or certified mail, postage prepaid, to the following address:

2 Hours of Freedom Franchise Group LLC
1613 W. Colonial Pkwy
Inverness, IL 60067
Attn: Jeff Anderson
jeff@2hoursoffreedom.com

Franchisor may change its address for receiving notices by giving Lessor written notice of the new address. Lessor agrees that it will notify both Lessee and Franchisor of any change in Lessor's mailing address to which notices should be sent.

c) Following Franchisor's approval of the Lease, Lessee agrees not to terminate, or in any way alter or amend the same during the term of the Franchise Agreement, including any renewal thereof, without Franchisor's prior written consent, and any attempted termination, alteration or amendment shall be null and void and have no effect as to Franchisor's interests thereunder; and a clause to the effect shall be included in the Lease.

8. Termination or Expiration.

a) Upon Lessee's default and failure to cure the default within the applicable cure period, if any, under either the Lease or the Franchise Agreement, Franchisor will, at its option, have the right, but not the obligation, to take an automatic assignment of Lessee's interest and at any later time to re-assign the Lease to a new franchisee without Lessor's consent and to be fully released from any and all liability to Lessor upon the reassignment, provided the franchisee agrees to assume Lessee's obligations and the Lease.

b) Upon the expiration or termination of either the Lease or the Franchise

Agreement, Lessor will cooperate with and assist Franchisor in securing possession of the Premises and if Franchisor does not elect to take an assignment of the Lessee's interest, Lessor will allow Franchisor to enter the Premises, without being guilty of trespass and without incurring any liability to Lessor, to remove all signs and all other items identifying the Premises as a Franchised Business and to make other modifications (such as repainting) as are reasonably necessary to protect the Franchisor's marks, system, and trade dress, and to distinguish the Premises from a Franchisor's business. In the event Franchisor exercises its option to purchase assets of Lessee, Lessor shall permit Franchisor to remove all the assets being purchased by Franchisor.

9. Consideration; No Liability.

a) Lessor hereby acknowledges that the provisions of this Addendum to Lease are required pursuant to the Franchise Agreement under which Lessee plans to operate its business and Lessee would not lease the Premises without this Addendum. Lessor also hereby consents to the Collateral Assignment from Lessee to Franchisor as evidenced by Attachment A hereto.

b) Lessor further acknowledges that Lessee is not an agent or employee of Franchisor and Lessee has no authority or power to act for, or to create any liability on behalf of, or to in any way bind Franchisor or any affiliate of Franchisor, and that Lessor has entered into this Addendum to Lease with full understanding that it creates no duties, obligations or liabilities of or against Franchisor or any affiliate of Franchisor.

10. Sales Reports. If requested by Franchisor, Lessor will provide Franchisor with whatever reports, information or data Lessor has regarding Lessee's sales from its Franchised Business.

11. Amendments. No amendment or variation of the terms of the Lease or this Addendum to the Lease shall be valid unless made in writing and signed by the parties hereto.

12. Reaffirmation of Lease. Except as amended or modified herein, all of the terms, conditions and covenants of the Lease shall remain in full force and effect and are incorporated herein by reference and made a part of this Addendum as though copies herein in full.

13. Beneficiary. Lessor and Lessee expressly agree that Franchisor is a third-party beneficiary of this Addendum.

*[Signature Page Follows.]*

**IN WITNESS WHEREOF**, witness the signatures of the parties hereto as of the day, month and year first written above.

| **LESSOR:** | **LESSEE:** |
| --- | --- |
| _____ | _____ |
| By: _____ | By: _____ |
| Title _____ | Title: _____ |

**Attachment A**

**COLLATERAL ASSIGNMENT OF L EASE**

FOR VALUE RECEIVED, as of the _____ day of _____, 20_____ ("Effective Date"), the undersigned,, ("Assignor") hereby assigns, transfers and sets over unto 2 Hours of Freedom Franchise Group LLC, an Illinois limited liability company ("Assignee") all of Assignor's right, title and interest as tenant, in, to and under that certain lease, a copy of which is attached hereto as Attachment A ("Lease") with respect to the premises located at . This Collateral Assignment of Lease ("Collateral Assignment") is for collateral purposes only and except as specified herein, Assignee shall have no liability or obligation of any kind whatsoever arising from or in connection with this Collateral Assignment unless Assignee shall take possession of the premises demised by the Lease pursuant to the terms hereof and shall assume the obligations of Assignor thereunder.

Assignor represents and warrants to Assignee that it has full power and authority to so assign the Lease and its interest therein and that Assignor has not previously, and is not obligated to, assign or transfer any of its interest in the Lease or the premises demised thereby.

Upon a default by Assignor under the Lease or under that certain franchise agreement for a 2 Hours of Freedom Business between Assignee and Assignor ("Franchise Agreement"), or in the event of a default by Assignor under any document or instrument securing the Franchise Agreement, Assignee shall have the right and is hereby empowered to take possession of the premises demised by the Lease, expel Assignor therefrom, and, in the event, Assignor shall have no further right, title or interest in the Lease.

Assignor agrees it will not suffer or permit any surrender, termination, amendment or modification of the Lease without the prior written consent of Assignee. Through the term of the Franchise Agreement and any renewals thereto, Assignor agrees that it shall elect and exercise all options to extend the term of or renew the Lease at least thirty (30) days before the last day that said option must be exercised, unless Assignee otherwise agrees in writing. Upon failure of Assignee to otherwise agree in writing, and upon failure of Assignor to so elect to extend or renew the Lease as stated herein, Assignor hereby irrevocably appoints Assignee as its true and lawful attorney-in-fact, which appointment is coupled with an interest, to exercise the extension or renewal options in the name, place and stead of Assignor for the sole purpose of effecting the extension or renewal.

*[Signature Page Follows.]*

**IN WITNESS WHEREOF**, Assignor and Assignee have signed this Collateral Assignment of Lease as of the Effective Date first above written.

**LESSOR:**

_____

By: _____

Title _____

**LESSEE:**

_____

By: _____

Title: _____

**EXHIBIT 5 TO THE**
**FRANCHISE AGREEMENT**

# ELECTRONIC FUNDS TRANSFER AUTHORIZATION

# ELECTRONIC FUNDS TRANSFER AUTHORIZATION FORM

As a duly authorized signer on the financial institution account identified below of the undersigned Franchisee, I authorize 2 HOURS OF FREEDOM FRANCHISE GROUP LLC ("Company") to initiate monthly electronic fund transfer debits from the account for payments due or when applicable, apply electronic funds transfer credits to the same. Said debits may be for Royalty Fees, National Advertising Fund contributions, technology fees, software license fees, interest, late fees, and any other amounts Franchisee owes to the Company or its affiliate pursuant to the Franchise Agreement between Franchisee and Company, and in amounts required by the Franchise Agreement. The dollar amount to be debited for each transfer will vary.

Currently, 2 HOURS OF FREEDOM FRANCHISE GROUP LLC is initiating monthly debits on the tenth ($10^{th}$) day of every calendar month for payment of the Royalty Fee, National Advertising Fund contributions, technology fees, software license fees, interest, late fees, and any other amounts then due, unless that day falls on a holiday, in which case the debit will be initiated the following business day. The dates and intervals for initiating debits for amounts due under the Franchise Agreement may be changed upon delivery of notice to Franchisee.

If any such electronic debit(s) should be returned by my financial institution as unpaid (Non-Sufficient or Uncollected Funds), I understand that 2 HOURS OF FREEDOM FRANCHISE GROUP LLC shall be entitled to collect interest and late fees as provided in the Franchise Agreement, and to debit same from this account once there are sufficient funds to cover it.

This authorization is to remain in full force and effect until Company has received written notification of its termination in such time and in such manner as to afford Company a reasonable opportunity to act on it, and to obtain a replacement Electronic Funds Transfer Authorization from Franchisee for a replacement account. Any such notice should be sent to the following address:

2 HOURS OF FREEDOM FRANCHISE GROUP LLC
Attn: Jeffrey Anderson
1613 W. Colonial Pkwy
Inverness, IL 60067

Franchisee is responsible for, and shall pay on demand, all costs or fee charged by the financial institution holding the account relating to the handling of debits pursuant to this authorization. I understand and authorize all of the above.

FRANCHISEE: _____

AUTHORIZING SIGNATURE: _____

PRINT NAME AND TITLE: _____

DATE: _____

BUSINESS ADDRESS: _____

**Financial Institution Account Identifying Information:**

Enter financial institution account information in the fields below or attach a voided check.

| | |
|---|---|
| **Financial Institution:** | **Branch:** |
| **City:** | **State & Zip Code:** |
| **Transit / ABA # (Routing #):** | **Account #:** |

**EXHIBIT 6 TO THE**
**FRANCHISE AGREEMENT**

# STATEMENT OF OWNERSHIP

**STATEMENT OF OWNERSHIP**

Name of Entity and, if applicable, Trade Name:

_____

_____

Form of
Ownership
(Check One)

Individual ____ Partnership ___ Corporation ____ LLC ___ Other: _____

If a Partnership, provide name and address of each partner showing percentage owned, whether active in management, and indicate the state in which the partnership was formed.

If a Corporation, give the state and date of incorporation, the names and addresses of each officer and director, and list the names and addresses of every shareholder showing what percentage of stock is owned by each.

If a Limited Liability Company, give the state and date of formation, the name of the manager(s), and list the names and addresses of every member and the percentage of membership interest held by each member.

State and Date of Formation:

_____ Management (managers,

officers, board of directors, etc.):

| Name | Title |
|---|---|
| | |
| | |
| | |

Owners (Members, Stockholders, Partners)

| Name | Address | Percentage Owned |
|---|---|---|
| | | |
| | | |
| | | |

Operating Owner (as defined in Section 4(a)(3)) designated by Franchisee:

_____

Franchisee acknowledges this Statement of Ownership applies to the 2 Hours of Freedom Business authorized under the Franchise Agreement. Use additional sheets if necessary. Any and all changes to the above information must be reported to Franchisor in writing.

FRANCHISEE: _____

By: _____
Name: _____
Title: _____
Date: _____

**EXHIBIT C**
**FINANCIAL STATEMENTS**

# 2 HOURS OF FREEDOM FRANCHISE GROUP LLC

FINANCIAL STATEMENTS

WITH INDEPENDENT AUDITOR'S REPORT

DECEMBER 31, 2025

KEZOS & DUNLAVY
Certified Public Accountants
& Business Advisors

# 2 HOURS OF FREEDOM

# FRANCHISE GROUP LLC

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| Statements of operations and member's equity (deficit) | 6 |
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KEZOS & DUNLAVY
Certified Public Accountants
& Business Advisors

***Independent Auditor's Report***

To the Member
2 Hours of Freedom Franchise Group, LLC
Inverness, IL 60067

***Opinion***

We have audited the accompanying financial statements of 2 Hours of Freedom Franchise Group, LLC, which is comprised of the balance sheet as of December 31, 2025, and the related statements of operations, member's deficit, and cash flows for the period from inception (July 1, 2025) to December 31, 2025, 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 2 Hours of Freedom Franchise Group, LLC, as of December 31, 2025 and the related statements of operations, member's deficit and cash flows for the period from inception (July 1, 2025) to December 31, 2025, in accordance with accounting principles generally accepted in the United States of America.

***Basis for Opinion***

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

***Other Matter - Previously Issued Report***

The financial statements of the Company as of July 31, 2025 were previously compiled by us, and we issued our compilation report dated August 2, 2025 on those financial statements in accordance with Statements on Standards for Accounting and Review Services. The accompanying audited financial statements for the period from inception (July 1, 2025) to December 31, 2025 supersede that previously issued compiled financial report.

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

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

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

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

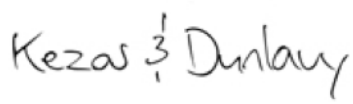
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance 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, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

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



St. George, Utah
April 14, 2026

# 2 HOURS OF FREEDOM FRANCHISE GROUP LLC

BALANCE SHEET

As of December 31, 2025

| | 2025 |
|---|---|
| **Assets** | |
| Current assets | |
| Cash and cash equivalents | $ 2,539 |
| Accounts receivable | 2,009 |
| Total current assets | 4,548 |
| Total assets | $ 4,548 |
| **Liabilities and Member's Equity (Deficit)** | |
| Liabilities | |
| Credit card liability | $ 4,781 |
| Total liabilities | 4,781 |
| Member's equity (deficit) | (233) |
| Total liabilities and member's equity (deficit) | $ 4,548 |

The accompanying notes to the financial statements are integral part of these financial statements

# 2 HOURS OF FREEDOM FRANCHISE GROUP LLC

## STATEMENTS OF OPERATIONS AND MEMBER'S EQUITY (DEFICIT)

For the period from inception (July 1, 2025) to December 31, 2025

| | 2025 |
|---|---|
| Revenue | |
| Royalties | $ 4,392 |
| Total revenue | 4,392 |
| | |
| Operating expenses | |
| Advertising | 3,095 |
| Legal and professional fees | 1,455 |
| General and administrative | 1,075 |
| Total operating expenses | 5,625 |
| | |
| Net loss | $ (1,233) |
| | |
| Beginning member's equity | $ - |
| Net loss | (1,233) |
| Member contribution | 1,000 |
| Ending member's equity | $ (233) |

The accompanying notes to the financial statements are integral part of these financial statements

# 2 HOURS OF FREEDOM FRANCHISE GROUP LLC

## STATEMENT OF CASH FLOWS

For the period from inception (July 1, 2025) to December 31, 2025

| | | 2025 |
|---|---|---|
| Cash flows used in operating activities: | | |
| Net income (loss) | $ | (1,233) |
| Adjustments to reconcile net income (loss) to net cash provided (used) by operating activities: | | |
| Change in operating assets and liabilities: | | |
| Credit card liability | | 4,781 |
| Net cash provided (used) by operating activities | | 3,548 |
| | | |
| Cash flows from financing activities: | | |
| Member contributions | | 1,000 |
| Cash flows provided by financing activities | | 1,000 |
| | | |
| Net change in cash and cash equivalents | | 4,548 |
| | | |
| Cash and cash equivalents at beginning of period | | - |
| Cash and cash equivalents at end of period | $ | 4,548 |
| | | |
| Supplemental disclosures of cash flow | | |
| Cash paid for interest and taxes | $ | - |

The accompanying notes to the financial statements are integral part of these financial statements

# 2 HOURS OF FREEDOM FRANCHISE GROUP LLC
## NOTES TO THE FINANCIAL STATEMENTS
## DECEMBER 31, 2025

(1) Nature of Business and Summary of Significant Accounting Policies

*(a) Nature of Business*

2 Hours of Freedom Franchise Group, LLC (the "Company") was organized in the State of Illinois on July 1, 2025, as a limited liability company. The purpose of the Company is marketing and supporting franchise sales of a children's bounce house themed recreational facility.

The Company uses the accrual basis of accounting, and their accounting period is the 12-month period ending December 31 of each year. The members' liability is limited to their equity. The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America.

*(b) Accounting Standards Codification*

The Financial Accounting Standards Board ("FASB") has issued the FASB Accounting Standards Codification ("ASC") that became the single official source of authoritative U.S. generally accepted accounting principles ("GAAP"), other than guidance issued by the Securities and Exchange Commission (SEC), superseding existing FASB, American Institute of Certified Public Accountants, Emerging Issues Task Force and related literature. All other literature is not considered authoritative. The ASC does not change GAAP; it introduces a new structure that is organized in an accessible online research system.

*(c) Use of Estimates*

The preparation of financial statements in conformity with generally accepted accounting principles accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts and disclosures. Actual results could differ from those estimates.

*(d) Cash and Cash Equivalents*

Cash equivalents include all highly liquid investments with maturities of three months or less at the date of purchase. As of December 31, 2025, the Company had cash and cash equivalents of $2,383.

*(e) Accounts receivable*

Accounts receivable are recorded for amounts due based on the terms of executed franchise agreements for franchise sales, royalties and other sales transactions. These accounts receivable are carried at original invoice amount less an estimate made for doubtful receivables based on a review of outstanding amounts. When determining the allowance for doubtful receivable, the Company has adopted ASC 326, Financial Instruments—Credit Losses. This standard requires that management utilize the Current Expected Credit Losses ("CECL") model to recognize the appropriate allowance for doubtful receivables. This model requires entities to estimate and recognize expected credit losses over the life of the financial instrument. For trade receivables, management has elected to apply a simplified approach, based on historical loss experience and adjustments for current and forecasted economic conditions. Management regularly evaluates individual customer receivables, considering their financial condition, credit history and current economic conditions. Accounts receivable are written off when deemed uncollectible. Recoveries of accounts receivable previously written off are recorded as income when received. As of December 31, 2025, the Company had no allowance for uncollectible accounts.

*(f) Income Taxes*

The Company is structured as a limited liability company under the laws of the state of Illinois. Accordingly, the income or loss of the Company will be included in the income tax returns of the member. Therefore, there is no provision for federal and state income taxes.

The Company follows the guidance under Accounting Standards Codification (“ASC") Topic 740, Accounting for Uncertainty in Income Taxes. ASC Topic 740 prescribes a more-likely-than-not measurement methodology to reflect the financial statement impact of uncertain tax positions taken or expected to be taken in the tax return. If taxing authorities were to disallow any tax positions taken by the Company, the additional income taxes, if any, would be imposed on the member rather than the Company. Accordingly, there would be no effect on the Company's financial statements.

The Company’s income tax returns are subject to examination by taxing authorities for a period of three years from the date they are filed. As of July 31, 2025, no tax years were subject to examination.

*(g) Advertising Cost*

The Company expenses advertising costs as incurred. Advertising expenses for the period ended December 31, 2025, were $3,095.

*(h) Financial Instruments*

For certain of the Company's financial instruments, including cash and cash equivalents, accounts receivable, and accounts payable, the carrying amounts approximate fair value due to their short maturities.

*(i) Concentration of Risk*

The Company maintains its cash in bank deposit accounts that at times may exceed federally insured limits. The Company has not experienced any losses in such accounts. The Company believes it is not exposed to any significant credit risks on cash or cash equivalents.

*(j) Revenue Recognition*

The Company has adopted ASC 606, Revenue from Contracts with Customers. ASC 606 provides that revenues are to be recognized when control of promised goods or services is transferred to a customer in an amount that reflects the considerations expected to be received for those goods or services. In implementing ASC 606, the Company evaluated all revenue sources using the five-step approach: identify the contract, identify the performance obligations, determine the transaction price, allocate the transaction price, and recognize revenue. For each franchised location, the Company enters into a formal franchise agreement that clearly outlines the various components of the transaction price and the Company’s performance obligations.

*Royalty income*

Upon evaluation of the five-step process, the Company has determined that royalties are to be recognized in the same period as the underlying sales.

(2) Commitments and Contingencies

The Company may be subject to various claims, legal actions and complaints arising in the ordinary course of business. In accounting for legal matters and other contingencies, the Company follows the guidance in ASC Topic 450 Contingencies, under which loss contingencies are accounted for based upon the likelihood of incurrence of a liability. If a loss contingency is “probable” and the amount of loss can be reasonably estimated, it is accrued. If a loss contingency is “probable” but the amount of loss cannot be reasonably estimated, disclosure is made. If a loss contingency is “reasonably possible,” disclosure is made, including the potential range of loss, if determinable. Loss contingencies that are “remote” are neither accounted for nor disclosed.

In the opinion of management, all matters are of such kind, or involving such amounts of unfavorable disposition, if any, would not have a material effect on the financial position of the Company.

(3) Subsequent Events

Management has reviewed and evaluated subsequent events through April 14, 2026, the date on which the financial statements were issued.

**EXHIBIT D**
**FRANCHISE ACKNOWLEDGEMENT QUESTIONNAIRE**

**FRANCHISE ACKNOWELDGEMENT QUESTIONNAIRE**

As you know 2 Hours of Freedom Franchise Group LLC (we" or "us"), and you are preparing to enter into a Franchise Agreement for the operation of an 2 Hours of Freedom Franchise. **You cannot sign or date this Questionnaire the same day as the Receipt for the Franchise Disclosure Document but you must sign and date it the same day you sign the Franchise Agreement.** Please review each of the following questions carefully and provide honest responses to each question. If you answer "No" to any of the questions below, please explain your answer on the next page.

1. Yes__ No__ Have you received the completed Franchise Agreement and each exhibit attached to it?

2. Yes__ No__ Have you received the Franchise Disclosure Document we provided?

3. Yes__ No__ Did you sign a receipt for the Franchise Disclosure Document (or both of them) indicating the date you received it?

4. Yes __ No__ Did the receipt for the Franchise Disclosure Document identify the franchise sellers with which you have had discussions about the franchise opportunity?

_____ _____

Signature of Franchise Applicant Signature of Franchise Applicant

_____ _____

Name (please print) Name (please print)

Date_____ Date _____

EXPLANATION OF ANY NEGATIVE RESPONSES (REFER TO QUESTION NUMBER):

| Questionnaire Number | Explanation of Negative Response |
|---|---|
| | |
| | |
| | |
| | |
| | |
| | |
| | |
| | |
| | |
| | |
| | |

**EXHIBIT E**
**TABLE OF CONTENTS FOR OPERATIONS MANUAL**

# Table of Contents


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**EXHIBIT F**
**LIST OF FRANCHISEES**

## LIST OF CURRENT FRANCHISEES

**As of March 31, 2026**

**Illinois**

Maksim Vaurysh & Vaidas Vingras
Jump Entertainment LLC
1425 Busch Parkway
Buffalo Grove, IL 60089
847-494-6341
847-845-0245

Igor Liashenko
Endorphin Adventures LLC
6250-B Northwest Highway
Crystal Lake, IL 60014
312-785-8797

## LIST OF FORMER FRANCHISEES

**As of March 31, 2026**

None

**EXHIBIT G**
**CONFIDENTIALITY AND NON-DISCLOSURE AGREEMENT**

THIS CONFIDENTIALITY AND NONDISCLOSURE AGREEMENT ("Agreement") is entered into by and between 2 Hours of Freedom Franchise Group LLC ("2HF") and _____ ("Recipient").

WHEREAS, 2HF is in the business of operating and granting franchises to others to operate children's entertainment businesses under the name 2 Hours of Freedom (the "Business"); and

WHEREAS, Recipient has expressed interest in learning more about the Business and the opportunity to become a franchisee;

WHEREAS, 2HF and Recipient wish to discuss additional business matters related to the 2 HOURS OF FREEDOM franchise system, which information is highly confidential, with both the discussions and negotiations regarding such transaction and any interactions of the parties in furtherance of that transaction to be referred to herein as the "Transaction";

NOW THEREFORE, in consideration of the mutual covenants, promises and agreements contained in this Agreement, and for other consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereby agree as follows:

1. Acknowledgement. Recipient agrees and acknowledges that Recipient shall be making use of and/or acquiring Confidential Information (as hereinafter defined), during the process of 2HF and Recipient's discussions regarding the Transaction. Recipient agrees and acknowledges that all Confidential Information is the property of and confidential to 2HF. Recipient recognizes that the Confidential Information represents valuable, special and unique assets of 2HF, access to and knowledge of which are essential to Recipient's evaluation.

2. Definition. For purposes of this Agreement, "Confidential Information" shall mean, without limitation, all information concerning 2HF's products and protocols, 2HF's clients, 2HF's employees or agents, potential clients, franchisees, franchisees' clients, franchisees' employees or agents, marketing plans, recipes, formulas, procedures, methodologies, internal operations, financial information, data, computer systems and software, and all other confidential, private and proprietary information which relates to the existing, proposed or anticipated Business, services or commercial activities of 2HF, in whatever form, whether written, oral or machine- readable, including, but not limited to, all information heretofore or hereafter disclosed to Recipient in any form by 2HF, or that Recipient has learned or hereafter learns in any manner from 2HF, concerning 2HF's Business, including, but not limited to, information presented during one or more oral or written presentations, and including, analyses, compilations, studies or other documents or records prepared by the Recipient or any of its directors, officers, employees, members, agents or advisors (including, without limitation, attorneys, accountants, consultants, bankers, financial advisors and any representatives of the Recipient's advisors) (collectively, the "Representatives") to the extent that such analysis, compilations, studies, documents or records contain or otherwise reflect or are generated from such information. Confidential Information does not include information which is known to Recipient at the time of disclosure to Recipient by 2HF as evidenced by written records, is publicly known and generally available through no wrongful act of Recipient or has been rightfully received by Recipient from a third party who is authorized to make such disclosure. Confidential Information that is orally

disclosed or written material not marked as Confidential shall be deemed Confidential Information provided that it is designated as confidential in writing within 30 days of such disclosure.

3. No Disclosure.

(a) Recipient shall not, and shall direct its Representatives not to, at any time, regardless of whether Recipient and 2HF engage in any sales or business with one another and regardless of whether Recipient executes a Franchise Agreement at any point in the future, directly or indirectly, disclose, in whole or in part, Confidential Information to any person or entity for any reason or purpose whatsoever, except with the prior written consent of 2HF or as required by law, or make use of any Confidential Information for Recipient's own purposes or for the benefit of any person or entity other than 2HF.

(b) Recipient agrees to notify 2HF in writing as promptly as possible in advance of any disclosure of Confidential Information required by law and to provide 2HF with copies of all Confidential Information to be so disclosed.

(c) The terms of this Agreement shall apply to all Confidential Information in perpetuity until such time as and to the extent that the receiving party can demonstrate that such information (a) was, at the time of disclosure by the disclosing party, in the receiving party's possession or control and not subject to limitations on disclosure or use; (b) was, at the time of disclosure by the disclosing party, part of the public domain; (c) became part of the public domain after its disclosure by the disclosing party, other than through a wrongful act of the receiving party; (d) was developed independently by the receiving party without the use of, or reference to, the Confidential Information of the disclosing party; or (e) is identified in writing by the disclosing party as no longer proprietary or confidential.

4. Limitation of Access. Recipient agrees that access to the Confidential Information disclosed to Recipient shall be limited to Recipient and any person or entity associated with Recipient who needs access to the Confidential Information solely for the purpose of evaluating 2HF's Business, provided that each such person is informed by the Recipient of the confidential nature of the Confidential Information, and agrees in writing to be bound by the terms of this Agreement or confidentiality terms that are at least as restrictive as this Agreement. Recipient further agrees to take all possible precautions to prevent any unauthorized disclosure by its officers, directors, members, shareholders, employees or agents and any person or entity associated with Recipient in violation of the provisions of this Agreement.

5. Return of Information. All Confidential Information, and all copies thereof, in Recipient's possession or control, shall be returned immediately to 2HF and Recipient shall permanently delete any electronic records containing any Confidential Information or extracts thereof upon the conclusion of the transaction giving rise to this Agreement or 2HF's request at any time. Any Confidential Information that is not returned or destroyed, including, without limitation, any oral Confidential Information, shall remain subject to the confidentiality obligations set forth in this Agreement. At the disclosing party's request, the receiving party will furnish a certificate, signed by someone of authority and knowledge of the return of information by the receiving party, certifying that any Confidential Information not returned has been destroyed. Notwithstanding the foregoing, each party's legal counsel may retain a single copy of the Confidential Information to be utilized solely to defend proceedings instituted by the disclosing party to enforce the provisions of this agreement, provided the retained documentation is deemed by receiving party's counsel to be relevant to their defense.

6. Injunctive Relief. Recipient acknowledges that irreparable injury will result to 2HF and its Business and property if Recipient breaches the covenants agreed to and set forth in this Agreement and understands that 2HF has disclosed and/or will disclose Confidential Information to Recipient in reliance upon such covenants. Recipient agrees that each of the terms set forth in this Agreement is reasonable and necessary to protect and preserve the business, interests and property of 2HF, and in the event of an actual or anticipated breach of any of the covenants in this Agreement, 2HF shall be entitled to both temporary and permanent injunctions to prevent any such breach without bond. 2HF also retains the right to seek other relief, including damages, which shall be the greater of the amount of the financial loss which 2HF suffers as a result of a breach by Recipient or the amount of the financial gain which Recipient, and/or any person or entity with whom Recipient is associated, receives as a result of a breach by Recipient.

7. No Warranty. All Confidential Information is provided "as is". Neither 2HF nor any of its employees, agents, attorneys, members or representatives shall be deemed to make or have made any express or implied representations or warranties as to the accuracy or completeness of the Confidential Information, and neither 2HF nor any of its employees, agents, attorneys, members or representatives shall have any liability to Recipient or its representatives based on the Confidential Information, or resulting from or related to the use of the Confidential Information by the receiving party or its representatives. Recipient acknowledges and agrees it will be entitled to rely solely on the written representations and warranties made to it by 2HF in any definitive written agreements entered into by 2HF and Recipient.

8. No Obligation. Unless and until a definitive written agreement is executed by both Recipient and 2HF in connection with any transaction or project, neither Recipient nor 2HF will be under any legal obligation of any kind whatsoever with respect to such transaction by virtue of this Agreement, except for the matters specifically agreed to herein.

9. Other Transactions. Either party will be entitled, at any time, and without notice to the other party, to negotiate, disclose, and to otherwise deal in any manner and for any purpose with third parties and/or enter into markets competitive with the other party subject to the party maintaining the confidentiality obligations set forth herein. The existence of this Agreement shall not give rise to or otherwise support any presumption or inference of misuse of Confidential Information in connection with such other transactions.

10. Indemnification. Recipient shall indemnify and hold harmless either party and its officers, employees, agents, attorneys and members from any claims, demands, losses, liability, damages or expenses arising in any way from any breach by either party of any of the terms or conditions of this Agreement.

11. Waivers. Compliance with any provision hereof may be waived only in writing signed by the party against which such waiver is sought to be enforced. No exercise of or failure to exercise any right hereunder, and no partial or single exercise of any such right, shall operate as a waiver or otherwise affect such exercise or any other exercise of that or any other right.

12. Severability. If any provisions of this Agreement shall, for any reason or to any extent, be invalid or unenforceable, the remainder of this Agreement shall not be affected, but rather shall be enforced to the extent permitted by law.

13. Enforcement. Any failure to enforce any provision of this agreement shall not constitute a waiver thereof. If any provision of this agreement is held invalid or unenforceable in whole or in part by a court of competent jurisdiction, such provision shall be enforced to the maximum extent permitted by law.

14. Notice. Any notice or other communication required or permitted under this agreement shall be in writing and shall be delivered personally, via email, overnight air courier or certified mail, return receipt requested to the addresses set forth in the introduction of this agreement or such other address as the party to whom notice is to be given shall have previously notified the other party.

15. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of New Hampshire without regard to the conflict of law rules thereof. Any action or proceeding brought to interpret or enforce the provisions of this agreement shall be brought solely before the state or federal court situated in a mutually agreed and accessible venue and each party hereto consent to jurisdiction and venue before such courts.

16. Survival. Regardless of the reason, cause or occasion for conclusion of Recipient's evaluation of 2HF's Business, the provisions of Sections 3-7, 10 and 13 herein shall survive and shall be and remain valid, binding and enforceable after conclusion of the Transaction.

*[Signatures follow on next page]*

IN WITNESS WHEREOF, the parties hereto have executed this Agreement.

| "2HF" | "RECIPIENT" |
| --- | --- |
| TWO HOURS OF FREEDOM<br>FRANCHISE GROUP LLC | |
| By: _____ | _____ |
| Name:<br>Title: | Name: |

**EXHIBIT H**

**STATE ADDENDA**

Some administrators of franchise registration states may require us to enter into an addendum to the Disclosure Document and Franchise Agreement describing certain state laws or regulations which may supersede the Disclosure Document or Franchise Agreement. If you are in a registration state which requires an addendum, it will follow this page.

**2 HOURS OF FREEDOM FRANCHISE GROUP LLC**
**ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT**
**FOR THE STATE OF ILLINOIS**

The Franchise Disclosure Document of 2 Hours of Freedom Franchise Group LLC for use in the State of Illinois is modified in accordance with the following:

Illinois law shall apply to and govern the Franchise Agreement.

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

Franchisee's rights upon Termination and Non-renewal are set forth in Sections 19 and 20 of the Illinois Franchise Disclosure Act.

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

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

The Office of the Illinois Attorney General requires the Franchisor or affiliates to defer all initial franchise fees until such time as the Franchisor or affiliates have completed all initial obligations owed to the Franchisee under the Franchise Agreement and the Franchisee has commenced doing business. This deferral of the initial franchise fee is required based on the Franchisor's financial condition.

**2 HOURS OF FREEDOM FRANCHISE GROUP LLC**
**ADDENDUM TO THE FRANCHISE AGREEMENT**
**FOR THE STATE OF ILLINOIS**

This Addendum is to a Franchise Agreement between 2 Hours of Freedom Franchise Group LLC and _____ (Franchisee) executed simultaneously with this Addendum to amend said Agreement as follows:

1. Illinois law shall apply to and govern the Franchise Agreement.

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

3. Franchisee's 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. 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.

6. The Office of the Illinois Attorney General requires the Franchisor or affiliates to defer all initial franchise fees until such time as the Franchisor or affiliates have completed all initial obligations owed to the Franchisee under the Franchise Agreement and the Franchisee has commenced doing business. This deferral of the initial franchise fee is required based on the Franchisor's financial condition.

In witness whereof, each of the undersigned hereby acknowledges having read this Addendum and understands and agrees to be bound by all of its terms as of the dates below.

**FRANCHISOR:**
**2 HOURS OF FREEDOM**
**FRANCHISE GROUP LLC**
An Illinois limited liability company

By:_____
Title:_____

Date: _____

**FRANCHISEE:**

_____

A(n) _____

By:_____
Title: _____

Date: _____

**2 HOURS OF FREEDOM FRANCHISE GROUP LLC**
**ADDENDUM TO THE FRANCHISE AGREEMENT**
**FOR THE STATE OF WISCONSIN**

This Addendum is to a Franchise Agreement between 2 Hours of Freedom Franchise Group LLC and _____ (Franchisee) executed simultaneously with this Addendum to amend said Agreement as follows:

1. The Wisconsin Fair Dealership Law, Chapter 135 of the Wisconsin Statutes supersedes any provisions of the Franchise Contract or Agreement if such provisions are in conflict with that law.

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

In witness whereof, each of the undersigned hereby acknowledges having read this Addendum and understands and agrees to be bound by all of its terms as of the dates below.

**FRANCHISOR:**
**2 HOURS OF FREEDOM**
**FRANCHISE GROUP LLC**
An Illinois limited liability company

By:_____
Title:_____

Date: _____

**FRANCHISEE:**
_____

A(n) _____

By:_____
Title: _____

Date: _____

**EXHIBIT I**

## 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 |
|---|---|
| Illinois | April 27, 2026 |
| Wisconsin | April 27, 2026 |

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 J**
**RECEIPTS**
**(Franchisee Copy)**

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

If 2 Hours of Freedom Franchise Group LLC offers you a franchise, it must provide this Franchise Disclosure Document to you 14 calendar-days before you sign a binding agreement with, or make a payment to, the franchisor, or an affiliate, in connection with the proposed franchise sale or grant.

Michigan requires us to give you this Franchise Disclosure Document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first. New York requires you to receive this Franchise Disclosure Document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

If 2 Hours of Freedom Franchise Group LLC does not deliver this Franchise Disclosure Document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the appropriate state agency identified on Exhibit A.

2 Hours of Freedom Franchise Group LLC authorizes the parties identified on Exhibit A to receive service of process for 2 Hours of Freedom Franchise Group LLC in the particular state.

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

| | |
|---|---|
| ☐ Jeffrey Anderson<br>1613 W. Colonial Parkway<br>Inverness, Illinois 60067<br>(217) 693-1548 | ☐ Alyona Foca<br>1613 W. Colonial Parkway<br>Inverness, Illinois 60067<br>(217) 693-1548 |
| | ☐ Name of Franchise Seller: _____<br>Principal Business Address: _____<br>_____<br>Telephone Number: _____ |

Identify any additional individual franchise seller who offered you a franchise in the space provided above.

Issuance Date: April 23, 2026

I received a Franchise Disclosure Document dated April 23, 2026, that included the following Exhibits:

A. List of State Agencies/Agents for Service of Process
B. Franchise Agreement
C. Financial Statements
D. Franchisee Acknowledgement Questionnaire
E. Table of Contents for Operations Manual
F. List of Franchisees
G. State Addenda
H. State Effective Dates
I. Receipts

| Date | Signature | Printed Name | On behalf of |
|---|---|---|---|
| Date | Signature | Printed Name | On behalf of |

Please retain this copy of the receipt for your records.

**RECEIPT**
**(Our Copy)**

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

If 2 Hours of Freedom Franchise Group LLC offers you a franchise, it must provide this Franchise Disclosure Document to you 14 calendar-days before you sign a binding agreement with, or make a payment to, the franchisor, or an affiliate, in connection with the proposed franchise sale or grant.

Michigan requires us to give you this Franchise Disclosure Document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first. New York requires you to receive this Franchise Disclosure Document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

If 2 Hours of Freedom Franchise Group LLC does not deliver this Franchise Disclosure Document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the appropriate state agency identified on Exhibit A.

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

| | |
|---|---|
| ☐ Jeffrey Anderson<br>1613 W. Colonial Parkway<br>Inverness, Illinois 60067<br>(217) 693-1548 | ☐ Alyona Foca<br>1613 W. Colonial Parkway<br>Inverness, Illinois 60067<br>(217) 693-1548 |
| | ☐ Name of Franchise Seller: _____<br>Principal Business Address: _____<br>_____<br>Telephone Number: _____ |

Identify any additional individual franchise seller who offered you a franchise in the space provided above.

Issuance Date: April 23, 2026

I received a Franchise Disclosure Document dated April 23, 2026, that included the following Exhibits:

A. List of State Agencies/Agents for Service of Process
B. Franchise Agreement
C. Financial Statements
D. Franchisee Acknowledgement Questionnaire
E. Table of Contents for Operations Manual
F. List of Franchisees
G. Confidentiality and Nondisclosure Agreement
H. State Addenda
I. State Effective Dates
J. Receipts

| Date | Signature | Printed Name | On behalf of |
|---|---|---|---|
| Date | Signature | Printed Name | On behalf of |

Important: Please sign and then return this page by mail to Jeffrey Anderson at 1613 W. Colonial Parkway, Inverness, Illinois 60067, (847) 220-4385.