

FRANCHISE DISCLOSURE DOCUMENT



Big Frog Custom T-Shirts, Inc.
A Florida Corporation
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Big Frog businesses provide full service apparel printing to the general public (“Big Frog Business”).

The total investment necessary to begin operation of a standard Big Frog Business is \$182,904 to \$253,041 including \$71,963 to \$77,500 that must be paid to the franchisor. The total investment necessary to begin operation of a Big Frog Express Business is \$117,088 to \$162,148, including \$43,500 to \$45,500 that must be paid to the franchisor.

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

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact Tina Bacon-DeFrece at 533 Main St., Dunedin, Florida 34698, ceo@bigfrog.com and 727-286-8985.

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

Buying a franchise is a complex investment. The information in this disclosure document can help you make up your mind. More information on franchising, such as “A Consumer’s Guide to Buying a Franchise,” which can help you understand how to use this 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: March 31, 2021

How to Use This Franchise Disclosure Document

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

QUESTION	WHERE TO FIND INFORMATION
How much can I earn?	Item 19 may give you information about outlet sales, costs, profits or losses. You should also try to obtain this information from others, like current and former franchisees. You can find their names and contact information in Item 20 or Exhibit C.
How much will I need to invest?	Items 5 and 6 list fees you will be paying to the franchisor or at the franchisor's direction. Item 7 lists the initial investment to open. Item 8 describes the suppliers you must use.
Does the franchisor have the financial ability to provide support to my business?	Item 21 or Exhibit B 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 Big Frog 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 Big Frog franchisee?	Item 20 or Exhibit C lists current and former franchisees. You can contact them to ask about their experiences.
What else should I know?	These questions are only a few things you should look for. Review all 23 Items and all Exhibits in this disclosure document to better understand this franchise opportunity. See the table of contents.

What You Need To Know About Franchising *Generally*

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

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

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

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

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

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

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

Some States Require Registration

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

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

Special Risks to Consider About *This* Franchise

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

1. **Out-of-state dispute resolution.** The franchise agreement requires you to resolve disputes with us by mediation and litigation only in Florida. Out-of-state mediation and litigation may force you to accept a less favorable settlement for disputes. It may also cost you more to mediate and litigate with us in Florida than in your own state.
2. **Spouse Liability.** Your spouse must sign a document that makes your spouse liable for your financial obligations under the franchise agreement, even though your spouse has no ownership interest in the business. This guarantee will place both your and your spouse's personal and marital assets, perhaps including your house, at risk if your franchise fails.
3. **Mandatory Minimum Payments.** You must make minimum royalty and other payments, regardless of your sales levels. Your inability to make the payments may result in termination of your franchise and loss of your investment.

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

**NOTICE REQUIRED BY
STATE OF MICHIGAN**

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

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

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

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

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

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

The fact there is a notice of this offering on file with the attorney general does not constitute approval, recommendation, or endorsement by the attorney general.

Any questions regarding this notice should be directed to the Department of Attorney General, State of Michigan, 670 Williams Building, Lansing, Michigan 48913, and telephone (517) 373-7117.

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

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Exhibit A	Franchise Agreement
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ITEM 1

THE FRANCHISOR AND ANY PARENTS, PREDECESSORS, AND AFFILIATES

To simplify the language in this Franchise Disclosure Document, “BF Franchise Group”, “we,” “us” and “our” means Big Frog Custom T-Shirts, Inc., doing business as the Big Frog Franchise Group, the franchisor. “You”, “your” and “Franchisee” means the person who buys the franchise from BF Franchise Group and its owners if the Franchisee is a business entity.

Franchisor, Parent, and Affiliates

Big Frog Custom T-Shirts, Inc. is a Florida corporation formed on June 19, 2008 (“BF Custom”). Our principal business address is 533 Main Street, Dunedin, Florida 34698. We operate under our corporate name and BF Franchise Group. We do not conduct business under any other name. We offer and support franchises for Big Frog Businesses and have done so since October 2008. We have not offered and do not offer franchises in any other line of business and do not own or operate any Big Frog Businesses. We do not have any parent entities, affiliates or predecessors.

Agents for Service of Process

Our agent for service of process for the State of Florida is Dr. Christina P. Bacon, 51 Citrus Drive, Palm Harbor, Florida 34684. Our agents for service of process for other states are identified by state in Exhibit E to this Franchise Disclosure Document. If a state is not listed, we have not appointed an agent for service of process in that state in connection with the requirements of franchise laws. There may be states in addition to those listed above where we have appointed an agent for service of process. There may also be additional agents appointed in some states listed.

The Big Frog Franchise

We offer franchises for Big Frog Businesses (“Big Frog Franchises” or “Franchises”) using our trade names, trademarks, service marks, associated logos and symbols (“Marks”) business system, procedures and trade secrets (collectively the “System”). You will service retail and business customers by providing custom printed t-shirts, apparel and various gift items from an approved retail location (“Store”). You must sign our franchise agreement attached to this Franchise Disclosure Document as Exhibit A (“Franchise Agreement”). You may operate one (1) Big Frog Business for each Franchise Agreement you sign.

Big Frog Express

In addition to its standard franchise, Big Frog offers “Big Frog Express”, a franchise option for non-traditional retail locations such as amusement parks, college campuses, military bases, enclosed shopping malls, etc. The Designated Territory may be solely the self-contained non-traditional location. Store décor and signage requirements may be customized based on physical size and condition and other specific site requirements. The franchise term and all training, support, royalties and other fees are the same as for the traditional Big Frog Store retail locations. Initial and ongoing local marketing requirements may be reduced, at our option.

As part of its Express program, Big Frog also offers existing franchisees the opportunity to open additional Big Frog Stores inside their original Designated Territory, depending upon geography and population of the territory, location of the initial retail location, proximity to other Big Frog stores, etc. The Initial Franchise Fee for this program is \$13,500 and the Designated Territory for the original location will

be split and redrawn so each unit has its own Designated Territory. These Territories may be smaller than our standard Designated Territory size of 150,000 population.

Market Competition

The market for the goods and services offered by a Big Frog Business is well established and very competitive. You will be offering products for sale to the general public and businesses. Our services are not seasonal in nature. Your competitors include embroidery businesses, screen-printing businesses, and catalog or Internet-based custom apparel decorating and printing businesses, including online stores, national chains, independents and other franchise brands.

Regulations

Some states and/or municipalities regulate embroidery and the retail sale of apparel. There will also be other local, state and federal laws applicable to your Big Frog Business. You should investigate whether there are any regulations and/or requirements that may apply in the geographic area in which you are interested in locating your Big Frog Business and you should consider both their effect and the cost of compliance.

You must investigate and comply with any regulations that are adopted pertaining to the logo apparel and specialty item business. Additionally, you must obtain all required licenses and permits and ensure that your employees and others providing services to customers on behalf of your Big Frog Business have all required licenses and permits.

ITEM 2 BUSINESS EXPERIENCE

President and Chief Executive Officer - Dr. Christina P. Bacon-DeFrece

Dr. Christina P. Bacon-DeFrece serves as our President and CEO in Dunedin, Florida. Dr. Bacon-DeFrece has served as CEO since October 1, 2018, and has served as President since January 2016. Prior to that, Dr. Bacon-DeFrece served as Executive Vice President from inception in 2008 until December 31, 2015.

Vice President- Ronald DeFrece

Mr. Ronald DeFrece serves as our Vice President in Dunedin, Florida and has done so since June, 2008.

Director of Franchise Development- Al Warok

Mr. Al Warok serves as our Director of Franchise Development, and has done so since March of 2019. Mr. Warok previously served as Sales Executive for Mercedes-Benz in Fayetteville, NC from May 2017 to January 2019. In addition, he served as Senior Director of International Franchise Operations of GNC Holdings in Pittsburgh, PA from March 2014 to January 2016 and Director of International Franchise Operations from November 2011 to February 2014.

ITEM 3 LITIGATION

No litigation is required to be disclosed in this Item.

ITEM 4 BANKRUPTCY

No bankruptcy is required to be disclosed in this Item.

ITEM 5 INITIAL FEES

Initial Franchise Fee

You must pay us an initial franchise fee (“Initial Franchise Fee”) of \$13,500 for a Big Frog Express franchise (“Express Franchise”) and \$39,500 for a standard Big Frog franchise (“Standard Franchise”) when you sign the Franchise Agreement. If you purchase additional Standard Franchises, we will discount your Initial Franchise Fee to \$22,650 for each additional Franchise you purchase. The Initial Franchise Fee is deemed fully earned by us once paid and is non-refundable. United States military veterans who were honorably discharged, and their spouses, will receive a 20% discount off the Initial Franchise Fee for your first Standard Franchise under the IFA’s VetFran initiative. We participate in the IFA’s DiversityFran program, which is a franchisee education and recruitment program designed to increase diversity in franchise ownership. We offer a 10% discount on the Initial Franchise Fee for your first Standard Franchise if your company is majority owned (51% or above) by a woman or a qualifying ethnic minority, including Black/African-Americans, Asian-Americans, Latino/Hispanic-Americans and Native Americans.

Franchise Equipment Package

We require all franchisees to purchase a “Franchise Equipment Package” from us. The Franchise Equipment Package will be delivered to your Store before your Big Frog Business opens to the public. The Franchise Equipment Package includes a printer, printer supplies, and heat presses. We estimate the cost of the total Franchise Equipment Package to range from \$30,000 to \$32,000 for an Express Franchise and \$32,463 to \$38,000 for a Standard Franchise depending on the decorating options offered in your Store. Franchise Equipment Package payments are not refundable under any circumstances.

Franchisee Referral Fee

We offer a Referral Fee to existing Big Frog Franchisees who refer a prospective franchisee to us, and that prospective franchisee enters a franchise agreement. If you’re awarded a Franchise as a result of a referral by an existing Big Frog Franchisee, that Franchisee may be entitled to a referral fee of \$5,000. This fee is paid by the Franchisor to the referring Franchisee. Referral fees apply to new stores only.

**ITEM 6
OTHER FEES**

Type of Fee ⁽¹⁾	Amount	Due Date	Remarks
Continuing Royalty Fee ⁽²⁾	For the first six (6) months the Big Frog Business is open royalty payments shall equal six percent (6%) of gross sales. Thereafter, royalty payments shall be the greatest of six percent (6%) of gross sales or \$1,200 per month.	Due the 10 th of the month	Based on gross sales during the previous month. Payments are made via an electronic funds transfer (“EFT”).
Brand Fund Contribution	1.5% of previous month’s gross sales	Same as royalty, Due the 10 th of the month	This fee is used for the Brand Fund (as defined in Item 11). See Item 11 for more information on the Brand Fund. Payments are made via an electronic funds transfer (“EFT”).
Advertising Cooperative	As determined by cooperative members	As determined by cooperative members	The cooperative will establish rules approved by us. Each Big Frog Business gets one vote. See Item 11 for more information on cooperatives.
Required Minimum Expenditure For Local Marketing and Advertising	5% of your gross sales, or \$500, whichever is greater, per month	As incurred	Local marketing requirements are discussed in Item 11. If you fail to spend the local marketing requirement in any given period, you will be required to pay the difference to the Brand Fund. Upon our request, you must furnish us with a quarterly report and documentation of local advertising expenditures during the previous calendar quarter.
Supplier and Product Evaluation Fee	Cost of inspection (estimated to be between \$100 to \$500)	As incurred	Payable if we inspect a new product, service or proposed supplier nominated by you.
Additional Persons/Additional Training Fee	Our then-current fee (currently \$1,500 for each additional trainee and \$100 per hour for additional training)	As incurred	Initial training is provided at no charge for you or your Principal Owner (as defined in Item 15), if you are a legal entity, and a Manager, if applicable (also defined in Item 15); if additional training is required for new hires, refresher courses, or special events, we may assess a fee.

Type of Fee ⁽¹⁾	Amount	Due Date	Remarks
Interest	18% or the highest contract rate of interest permitted by law, whichever is less	On demand	Charged on any late payments of fees, amounts due for product purchases, or any other amounts due us or our affiliates.
Insurance Reimbursement	You must reimburse our costs plus a 10% administrative fee	On demand	If you fail to obtain insurance, we may obtain insurance for you and you must reimburse us for the cost of insurance obtained plus 10% of the premium for an administrative cost of obtaining the insurance.
Late Fees	10% of the amount due plus interest	As incurred	Due immediately on any delinquent payments.
Examination of Books and Records	Cost of examination plus related expenses.	As incurred	We have the right under the Franchise Agreement to examine your books, records and tax returns. If an examination reveals that you have understated any Gross Revenue report by three percent (3%) or more, you must pay to us the cost of the audit and all travel and related expenses, in addition to repaying monies owed and interest on the monies owed.
Transfer Fee for Standard Franchise	\$9,500	Due at time of transfer	Payable in connection with the transfer of your Big Frog Business, a transfer of ownership of your legal entity, or the Franchise Agreement.
Transfer Fee for Express Franchise	\$9,500	Due at time of transfer	Payable in connection with the transfer of your Big Frog Business, a transfer of ownership of your legal entity, or the Franchise Agreement.
Remedial Training Fee	\$500 per day per trainer, plus hotel, transportation and expenses incurred with the provision of the additional services	Within 30 days of visit	We provide onsite opening assistance at no charge for four (4) days. You must pay this fee if you request additional assistance beyond the four (4) days or we determine additional assistance is required.

Type of Fee ⁽¹⁾	Amount	Due Date	Remarks
Replacement of Confidential Operations Manual	Then current cost (currently \$1,500)	As incurred	Payable if you lose, destroy, or significantly damage your confidential operations manual.
Renewal Fee	\$3,000	When you sign the renewal franchise agreement	Due if you enter into a renewal franchise agreement. Sometimes called a “renewal fee”.
Technology Fee	Currently up to \$300 per month	Same as royalty	This fee covers software, website hosting, online learning platform and other services. We may increase this fee if we offer updated or additional software or technology for use in your Big Frog Business. This fee may increase pending additional products and/or services.
Legal Costs and Professional Fees	Will vary under circumstances	As incurred	You will be required to reimburse us for any legal or accounting fees that we incur as a result of any breach or termination of your Franchise Agreement. You must reimburse us if we are required to incur any expenses in enforcing our rights against you under the Franchise Agreement.
Insufficient Funds Fee	\$100 per occurrence	As incurred	Payable if any check or EFT payment is not successful due to insufficient funds, stop payment, or any similar event.
Interim Management Support Fee	\$500 per day plus costs and expenses	As incurred	Payable if we manage your Big Frog Business in the case of a breach of the Franchise Agreement.
Indemnification	All amounts (including attorney fees) incurred by us	As incurred	You must indemnify and reimburse us for any expenses or losses we or our representatives incur related to your Big Frog Franchise or Big Frog Business, including the operations of your Big Frog Business.

Type of Fee ⁽¹⁾	Amount	Due Date	Remarks
Annual or Semi-annual Conference Fee	Up to \$1,500 per person	Upon receipt of written notice of the convention	Used to help defray the cost of your attendance at the convention(s). We may charge this fee whether or not you attend. A \$1,500 fee may be assessed if a Franchisee does not attend the Annual Conference.
Unauthorized Advertising Fee	\$500	Upon demand	Payable to the Brand Fund if you use unauthorized advertising.
Corporate Account Administrative Fee	Up to 2% per sales transaction	As incurred	Participation in the Corporate Accounts Program is voluntary.
Relocation Fee	\$1,500	As incurred	This fee is due if we approve your request to relocate your Big Frog outlet.
Liquidated Damages	Up to 24 months of Royalty Fees and Brand Fund Contributions	Upon termination of the Franchise Agreement due to your default.	If your Franchise Agreement is terminated due to your default, you must pay us the average monthly Royalty Fee and Brand Fund Contribution payable by you for the 12 months prior to your default multiplied by the lesser of 24 months or the number of months remaining in the term of your Franchise Agreement.
Reimbursement of Cost and Expenses for Non-compliance	Actual costs and expenses	As incurred	If you fail to do so, in our sole discretion, we may correct any deficiency in the Franchised Business and/or your operation of the Franchised Business or take steps to modify, alter or de-identify the Franchised Location upon the termination or expiration of the Franchise Agreement. You will reimburse us for our costs and expenses incurred to correct any deficiency or to modify, alter or de-identify the Franchised Business location.

Type of Fee ⁽¹⁾	Amount	Due Date	Remarks
Taxes	Amount of taxes	When incurred	You must reimburse us for any taxes that we must pay to any taxing authority on account of either the operation of your Franchised Business or payments that you make to us, including, but not limited to any sales taxes or income taxes imposed by any authority.

Notes:

1. All fees paid to us are uniform and non-refundable. Fees paid to vendors or other suppliers may be refundable depending on the vendors and suppliers. You must complete the EFT authorization (in the form attached to this Franchise Disclosure Document in Exhibit F) for direct debits from your business bank operating account. We can require an alternative payment method and frequency for any fees or amounts owed to us under the Franchise Agreement.
2. As used in the Franchise Agreement, “Gross Sales” means the total selling price of all services and products sold at or from your Store, including the full redemption value of any gift certificate or coupon sold for use at the Store (fees retained by or paid to third party sellers of such gift certificates or coupons are not excluded from this calculation) and all income and revenue of every other kind and nature related to the Big Frog Business operation, whether for cash or credit.

ITEM 7 ESTIMATED INITIAL INVESTMENT YOUR ESTIMATED INITIAL INVESTMENT

Standard Location

Type of Expenditure	Amount		Method of Payment	When Due	To Whom Payment is to be Paid
	Low	High			
Initial Franchise Fee, Standard ⁽¹⁾⁽²⁾	\$39,500	\$39,500	Lump Sum	When you sign the Franchise Agreement	Us
Training Travel Expenses	\$1,667	\$2,667	As Incurred	During Training	Airlines, Hotels and Restaurants
Lease Deposits and Store Build Out, Standard location ⁽³⁾	\$8,000	\$46,000	As Landlord and Suppliers Require	As Incurred	Landlord and Contractors
Equipment, Furniture & Fixtures for Standard Franchise ^(1,4)	\$ 57,703	\$ 74,240	As We and Supplier Require	Before Opening	Suppliers and Us
Computer System and Software	\$12,000	\$15,000	As Suppliers Require	Before Opening	Suppliers

Type of Expenditure	Amount		Method of Payment	When Due	To Whom Payment is to be Paid
	Low	High			
Signs, Standard location	\$3,500	\$5,500	As Suppliers Require	Before Opening	Suppliers
Office Supplies	\$2,000	\$5,600	As Suppliers Require	Before Opening	Suppliers
Insurance ⁽⁵⁾	\$1,667	\$2,667	As Insurer or Agent Requires	As Incurred	Insurance Company
Professional Fees	\$1,667	\$2,667	As Incurred	As Incurred	Suppliers
Franchise Opening Costs, including Utility Deposits, Licenses ⁽⁶⁾	\$1,000	\$2,000	As Suppliers Require	Before Opening	Suppliers, Utilities, etc.
Opening Inventory, Standard location	\$4,200	\$5,200	Lump Sum	Before Opening	Suppliers
Promotional and Advertising – Three (3) Months for Standard Franchise	\$10,000	\$10,000	As Suppliers Require	As Incurred During First three (3) Months After Opening Store	Suppliers
Additional Funds – Three (3) Months for Standard Franchise ⁽⁷⁾	\$40,000	\$42,000	As Incurred	As Incurred Except Bi-Weekly Payroll	Employees, Creditors, and or Suppliers
TOTAL ESTIMATED INITIAL INVESTMENT, STANDARD FRANCHISE	\$182,904	\$253,041			

Express Location

Type of Expenditure	Amount		Method of Payment	When Due	To Whom Payment is to be Paid
	Low	High			
Initial Franchise Fee, Express ⁽¹⁾⁽²⁾	\$13,500	\$13,500	Lump Sum	When you sign the Franchise Agreement	Us
Training Travel Expenses	\$1,667	\$2,667	As Incurred	During Training	Airlines, Hotels, Restaurants

Type of Expenditure	Amount		Method of Payment	When Due	To Whom Payment is to be Paid
	Low	High			
Lease Deposits and Store Build Out, Express location ⁽³⁾	\$3,000	\$26,000	As Landlord and Suppliers Require	As Incurred	Landlord and Contractors
Equipment, Furniture & Fixtures for Express location ^(1,4)	\$46,500	\$49,000	As We and Supplier Require	Before Opening	Suppliers and Us
Computer System and Software for Express Location	\$ 8,587	\$ 9,847	As Suppliers Require	Before Opening	Suppliers
Signs, Express location	\$1,500	\$4,500	As Suppliers Require	Before Opening	Suppliers
Office Supplies	\$1,500	\$5,600	As Suppliers Require	Before Opening	Suppliers
Insurance ⁽⁵⁾	\$1,667	\$2,667	As Insurer or Agent Requires	As Incurred	Suppliers
Professional Fees	\$1,667	\$2,667	As Incurred	As Incurred	Suppliers
Franchise Opening Costs, including Utility Deposits, Licenses ⁽⁶⁾	\$1,000	\$2,000	As Suppliers Require	Before Opening	Suppliers, Utilities, etc.
Opening Inventory, Express location	\$2,000	\$4,200	Lump Sum	Before Opening	Suppliers
Promotional and Advertising – Three (3) Months for Express Franchise	\$4,500	\$7,500	As Suppliers Require	As Incurred During First three (3) Months After Opening Store	Suppliers
Additional Funds – Three (3) Months for Express Franchise ⁽⁷⁾	\$30,000	\$32,000	As Incurred	As Incurred Except Bi-Weekly Payroll	Employees, Creditors, and or Suppliers
TOTAL ESTIMATED INITIAL INVESTMENT, EXPRESS FRANCHISE	\$117,088	\$ 162,148			

Notes:

These estimated initial expenses are our best estimate of the costs you may incur in establishing and operating your Big Frog Business. We do not offer direct or indirect financing for these items. The availability and terms of financing from third parties depend on many factors, including the availability of

financing generally, your creditworthiness and collateral and the lending policies of financial institutions from which you request a loan. The factors underlying our estimates may vary depending on several variables, and the actual investment you make in developing and opening your Big Frog Business may be greater or less than the estimates given depending upon the location of your Store and current relevant market conditions. We did not include state or local sales taxes in any of the above estimates. Unless otherwise stated below, these estimates are subject to increase based on changes in market conditions, our costs of providing services and future policy changes.

1. All expenditures paid to us are uniform and non-refundable under any circumstances once paid. Fees paid to vendors or other suppliers may or may not be refundable depending on their policies or your arrangements with them.
2. We discuss the Initial Franchise Fee in detail in Item 5 of this Franchise Disclosure Document. Your total estimated initial investment for each additional Big Frog Business will be reduced by the reduction in Initial Franchise Fees and possibly other costs such as professional fees and travel expenses.
3. This estimate is based on a commercial lease of approximately 1,200 square feet of interior retail space with HVAC, lighting fixtures, electrical outlets and telephone wiring installed for your Standard franchise and for approximately 600 square feet of retail space for an Express franchise. Rent for a Standard franchise is estimated to be between \$3,000 to \$5,500 per month, depending on factors such as market, size, condition, and location of the leased premises. Rent for an Express franchise is estimated to be between \$1,000 to \$3,500 per month, depending on factors such as market, size, condition, and location of the leased premises. Landlords typically require an initial payment equal to the first month's rent plus a guarantee deposit equal to one (1) month's rent. There should be little alteration required to the leased premises; however, this will depend upon factors such as whether the Store is immediately adaptable to the installation of the equipment and fixtures. This estimate does not include security deposits or prepaid rent which the landlord may require. If you choose to purchase instead of lease the premises for your Store, then the purchase price, down payment, interest rates, and other financing terms will determine your monthly mortgage payments. The costs of purchasing a store vary so widely that we cannot reasonably estimate the cost.
4. You must purchase the Franchise Equipment Package from us.
5. You must obtain and maintain, at your own expense, the insurance coverage we require and satisfy other insurance-related obligations. The amounts listed in this table reflect our estimate of basic insurance for your first three (3) months of operation.
6. This figure covers miscellaneous opening expenses for the first three (3) months of operation of your Big Frog Business. This estimate includes Internet connection and service fees.
7. This estimate includes payroll costs, operating expenses, rent, utilities, and royalties. These totals are based on our business experience with other franchisees. These figure do not include a salary for you. We cannot guarantee you will not incur additional expenses in starting your Big Frog Business operations. Your actual costs will depend on factors such as: how closely you follow our methods and procedures; your own management skills, experience, and business acumen; local economic conditions including wage rates and your property lease; the local market for your products and services, including the effects of competitors' products and services; and the level of revenues you reach during the initial period.

ITEM 8

RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

You must operate your Big Frog Business according to our System and specifications. This includes purchasing or leasing all goods, services, supplies, fixtures, equipment, inventory, computer hardware and software, and real estate related to establishing and operating the Big Frog Franchise under our specifications, which may include purchasing these items from: (i) our designees, (ii) approved suppliers, and/or (iii) us or our affiliates. You must not deviate from these methods, standards, and specifications without our prior written consent, or otherwise operate in any manner which reflects adversely on our Marks or the System.

You must operate the Big Frog Franchise in strict conformity with the methods, standards, and specifications we list in our proprietary and confidential operating manual ("Confidential Operations Manual"), which may exist in various parts, locations, and formats and may include a combination of audio, video, written material, electronic media, website content, and/or software. You must not (i) deviate from these methods, standards, and specifications without our prior written consent, or (ii) otherwise operate in any manner which reflects adversely on our Marks or the System. Our Operations Manual states our specifications, standards, and guidelines for all products and services we require you to obtain in establishing and operating your Big Frog Franchise.

We will notify you of new or modified specifications, standards, and guidelines through periodic amendments or supplements to the Confidential Operations Manual or through written communication (including electronic communication). We will issue copies of our standards and specifications to you and approved and proposed suppliers, unless these standards and specifications contain our confidential information.

You must purchase, install, maintain in sufficient supply, and use, only fixtures, furnishings, equipment, signs, and supplies that conform to the standards and specifications described in the Confidential Operations Manual or otherwise in writing. We will notify you of new or modified specifications, standards, and guidelines through periodic amendments or supplements to the Confidential Operations Manual or through written communication (including electronic communication).

Purchases from Approved Suppliers

In order to maintain our standards of consistent, high quality services and products, customer recognition, advertising support, value and uniformity in Big Frog Businesses, you must acquire all of your required décor, fixtures, inventory, goods, equipment, supplies, forms, products, services, advertising materials and other services and products used in or sold through your Big Frog Business, per our specifications and standards, only from us or our approved or designated suppliers and distributors. It is a material breach of your Franchise Agreement if you buy products, equipment, supplies, fixtures, inventory, goods or services from anyone other than our designated or approved suppliers and distributors without our prior written approval. You must use the equipment (including hardware and software for the computer system), signage, fixtures, furnishings, products, supplies, and marketing and sales promotion materials in accordance with the specifications and standards established by us identified in our Confidential Operations Manual.

We reserve the right to receive payment from approved suppliers in connection with franchisee purchases in the form of a rebate or other consideration. Payments from these suppliers are expected to range from zero percent (0%) to 30% of the total purchases by franchisees from these suppliers/vendors.

We reserve the right to negotiate purchase arrangements with approved suppliers for all franchisees to purchase approved products at favorable group prices.

During our 2020 fiscal year, our total revenue was \$2,791,983. Our revenue from required purchases by franchisees was \$703,610 which represents approximately 25.2% of our total revenue for 2020.

We estimate that approximately eighty-five percent (85%) of purchases required to open your Big Frog Business and eighty percent (80%) of purchases required to operate your Big Frog Business will be from us or from other approved suppliers and under our specifications.

We are the only approved supplier of the Franchise Equipment Package and the printers, printer ink, heat press and heat press supplies. Some of our officers own equity in the BF Franchise Group which is an approved supplier.

Computer System

You must install and utilize computer hardware and software that we designate that enables you to engage in e-mail, intranet, Internet, or other functions or uses. You must obtain the computer hardware, software licenses, maintenance and support services, and other related services from the suppliers we specify (which may be limited to us).

Approval of New Suppliers

We may update the list of approved suppliers in the Confidential Operations Manual. If you desire to have a non-approved supplier of a product or service designated as an approved supplier, you must submit samples of the supplier's products or services to us, along with a written statement describing why such items, services, or suppliers should be approved for use in the System. We reserve the right to charge a fee to evaluate the proposed supplier per evaluation (See Item 6). We do not make our supplier specifications and/or standards generally available to franchisees or suppliers. While we will be required to respond to a request within 60 days, we generally respond to a request for an additional approved supplier within seven (7) days. Our written approval must be received before you use products not purchased from an approved supplier. We may revoke our approval at any time if we determine, in our discretion, that the supplier no longer meets our standards. When you receive written notice of a revocation, you must stop selling any disapproved products, and stop purchasing from any disapproved supplier.

We may modify the mandatory and suggested specifications, standards, operating procedures and rules, ("System Standards"), which may accommodate regional or local variations as we determine. You must comply with all modifications to System Standards within the time period we specify.

Insurance

You must obtain the insurance coverage required under the Franchise Agreement. The insurance company must be authorized to do business in the state where your store is located. We may periodically increase the amounts of coverage required under these insurance policies and/or require different or additional insurance coverage at any time. All insurance policies must name us and any affiliates we designate as additional named insured parties.

You must purchase and maintain at your sole cost and expense the insurance coverage that we specify. This includes comprehensive general liability insurance in the amount of at least \$1,000,000 per occurrence and \$2,000,000 in the aggregate; property and casualty insurance to cover the full replacement value of your leasehold improvements, equipment, furniture, fixtures, and inventory; statutory worker's compensation insurance in the limits required by state law; employer's liability insurance in the amount of \$500,000; electronic data loss in an amount of at least \$10,000; identity forgery, alteration or theft in an

amount of at least \$2,500 per loss and \$5,000 for expenses; and if you operate a vehicle on behalf of your Franchised Business, comprehensive automobile liability insurance in an amount appropriate for vehicle operations in the Territory. Each policy must be written by a responsible carrier or carriers acceptable to us, and must name us and our respective officers, directors, partners, agents and employees as additional insured parties. Insurance costs and requirements may vary widely in different localities. We reserve the right to require additional types of insurance and coverage as provided in the Franchise Agreement.

We negotiate purchase agreements with suppliers for the benefit of our franchises and may provide you with material benefits based on your use of designated or approved sources, which you must do under the Franchise Agreement. We do not provide material benefits, such as renewing or granting additional franchises to franchisees, based on their use of designated or approved suppliers.

ITEM 9 FRANCHISEE'S OBLIGATIONS

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

Obligation	Section in Franchise Agreement	Item in Franchise Disclosure Document
a. Site selection and acquisition/lease	8.1	Items 6, 7, 8 and 11
b. Pre-opening purchase/leases	8.3, 10.5, 12.3.1	Items 5, 7, 8, 10 and 11
c. Site development and other pre-opening requirements	8.2, 8.3, 12.1.1, 12.1.3	Items 6, 7, 8 and 11
d. Initial and ongoing training	Article 7	Items 6, 7, 9 and 11
e. Opening	8.2.3, 8.3	Item 11
f. Fees	5.2.7, Article 6, 7.4, 7.5, 8.4, 11.3.3, 12.1.1, 12.3.7, 12.6, 12.7, 13.3, 15.6, 16.4, 18.1.4, 18.1.5, 19.1.5	Items 5, 6, 7 and 11
g. Compliance with standards and policies/operating manual	Article 9, 12.1, 19.1.1	Items 1, 8, 11 and 17
h. Trademarks and proprietary information	9.4, 12.1.8, Article 14, 19.2, 19.3, 19.4	Items 8, 12, 13, 14 and 17
i. Restrictions on products/services offered	12.1.1, 12.1.4, 12.6	Items 8, 16 and 17
j. Warranty and customer service requirements	Not Applicable	Not Applicable
k. Territorial development and sales quotas.	13.2	Items 11, 12 and 17
l. Ongoing product/service purchases	12.1.4, 12.3.5	Item 8
m. Maintenance, appearance, and remodeling requirements	Article 9, 12.1.2, 12.1.5, 12.1.9	Items 11 and 17
n. Insurance	Article 15	Items 7 and 8

Obligation	Section in Franchise Agreement	Item in Franchise Disclosure Document
o. Advertising	12.1.9, Article 13	Items 6 and 11
p. Indemnification	15.6, 16.3.6, 21.1	Item 6
q. Owner's participation/ management/staffing	11.1, 11.3, 12.1.6	Items 11, 14 and 15
r. Records and reports	12.2	Items 6, 11 and 17
s. Inspections and audits	9.2, 12.1.7, 12.2.5	Items 6, 11, 17 and 19
t. Transfer	Article 16	Items 6, 17
u. Renewal	Article 5	Item 17
v. Post-termination obligations	Article 18	Item 17
w. Non-competition covenants	19.5	Item 17
x. Dispute resolution	Article 20	Item 17
y. Other: Guarantee of franchisee obligations	11.3, Attachment 9	Item 17

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, BF Franchise Group is not required to provide you with any assistance.

Pre-Opening Obligations

Before you open your Big Frog Business, we (or our designee) will provide the following assistance and services to you:

1. Designate your territory (See Sections 8.1.4 of the Franchise Agreement).
2. Loan you one (1) copy of the Confidential Operations Manual. The Confidential Operations Manual contains approximately 695 pages. The table of contents for the Confidential Operations Manual is attached to this Franchise Disclosure Document as Exhibit D (See Section 10.3 of the Franchise Agreement).
3. Provide site selection guidelines and criteria and provide site selection assistance to determine an acceptable location for your Store (See Sections 8.1.2 and 8.1.3 of the Franchise Agreement).
4. Within 30 days of you signing the approved lease or location purchase, we will provide you with access to prototype design plans, specifications, décor and layout for a Store, including requirements for design, color scheme, image, interior layout and operation

assets that include fixtures, equipment, interior signs and furnishings. We may also designate additional suppliers of goods and services (See Sections 8.2.2 and 10.2 of the Franchise Agreement).

5. Assist you in implementing an opening marketing initiative for your Big Frog Business (See Section 13.2.3 of the Franchise Agreement).
6. We, or our designee, will provide instruction and assistance prior to the opening of your Store and immediately following the opening by telephone or in person as we determine. (See Section 7.3 of the Franchise Agreement).
7. Provide an initial training program ("Initial Training Program") as described below.

Site Selection

You must select the site for your Store subject to our approval. You may not relocate your Store without our prior written consent. Before leasing or purchasing the site for your Store, you must submit to us, in the form we specify, a description of the site, with other information and materials we may reasonably require. Your Standard Store must be at least 1,000 square feet, and must have parking spaces for your employees and at least four (4) customers. Your Express Store must be at least 600 square feet. We may, but are not required to, further assist in site selection by providing additional data regarding the number of new car registrations, population density, and traffic patterns in the proposed Store territory and the proximity of the proposed site to other Stores. We must approve or disapprove your Store location within 20 days after we receive notice of the proposed location and a copy of the proposed lease (See Section 4.2 of the Franchise Agreement). Factors we may consider for approval are demographic characteristics, traffic patterns, parking, character of neighborhood, competition from and proximity to other businesses and other Stores, the nature of other businesses in proximity to the Store and other commercial characteristics and the size, appearance and other physical characteristics of the proposed location. You are not guaranteed a location until you select a site and are approved by us. You are not guaranteed any specific approved location and you may not be able to obtain your top choice as your approved location. Our approval of any location does not constitute any form of guarantee that your Store will be profitable at that location and you retain final approval of the site selected and leased by you. If you are unable to identify a location that meets our approval within 12 months, we reserve the right to terminate the Franchise Agreement. We will approve the location of future Stores and designated territories for those Stores and our then-current standards will apply. We will consult with you on our current site selection guidelines and provide other site selection counseling, as we deem advisable. Although we will consult with you on your site and require your site be subject to our final authorization, you have the ultimate responsibility in choosing, obtaining and developing the site for your Big Frog Business.

Schedule for Opening

Franchisees typically should be able to open their Store within two (2) to six (6) months after signing a Franchise Agreement. This time may be longer due to various factors, such as the ability to obtain a lease, financing, building permits, zoning and local ordinances, weather conditions, shortages, and delays in installation of equipment, fixtures and signs. If you fail to secure a location or begin operations within twelve (12) months after signing a Franchise Agreement, or as otherwise approved in writing by us, we may terminate the Franchise Agreement (See Section 8.3 of the Franchise Agreement).

Continuing Obligations

During the operation of your Big Frog Business, we (or our designee) will provide the following assistance and services to you:

1. Provide you with information concerning developments of any new products, services, and training methods (See Section 7.6 of the Franchise Agreement).
2. Upon your request, provide individualized assistance to you within reasonable limits by telephone, video conferencing, electronic mail or postage service, subject at all times to availability of our personnel and in reasonable limits (Franchise Agreement, Section 7.6).
3. Inform you of mandatory specifications, standards and procedures for the operations of your Big Frog Franchise, as described in Item 8 (See Section 10.5 of the Franchise Agreement).
4. For so long as we have a system-wide brand building fund ("Brand Fund"), maintain and administer the Brand Fund (See Section 13.3 of the Franchise Agreement).
5. We may provide you with continuing national, regional or local workshops and seminars. Your attendance is mandatory and your failure to attend may result in a default of the Franchise Agreement. You may be required to pay us a convention fee to help defray our costs of conducting the convention even if you fail to attend. (See Section 7.4 of the Franchise Agreement).
7. We will host and maintain the Big Frog website (See Section 12.3.6 of the Franchise Agreement).

Corporate Accounts

We reserve the right to solicit, sell to, negotiate rates with, and service commercial or charitable entities for accounts who purchase custom printed t-shirts, apparel and/or various gift items, and who conduct business across multiple areas or have multiple locations either regionally or nationally, such as, by way of examples only, corporate marketing departments and national/regional charitable organizations (collectively, the "Commercial Accounts"). We will offer you the first right to service Commercial Accounts in your Designated Territory, provided that you accept the negotiated terms; otherwise, we may service the Commercial Accounts either directly or permit another franchisee to provide such service. You will receive no compensation for our sales made through alternate distribution channels or Commercial Accounts that you decline within your Designated Territory. We may require you to pay to us an administrative fee to participate in the Commercial Accounts program of not more than 2% per sales transaction.

Brand Fund

You are required to contribute one and one half percent (1.5%) of your monthly Gross Sales to the Brand Fund. We or our designee will direct all programs financed by the Brand Fund, with sole control over the creative concepts, materials and endorsements, and the geographic, market, media placement and allocation and any Internet or intranet websites, networks or communities it operates or participates in, or which requires your participation.

We may use the Brand Fund for the creation, production and placement of commercial advertising; agency costs and commissions; creation and production of video, audio and written advertisements; administering multi-regional advertising programs, direct mail and other media advertising; in-house staff

assistance and related administrative costs; local and regional promotions; engaging one or more public relations firms or conducting our own public relations campaigns; market research; and other advertising and marketing activities, including participating at trade shows. Marketing may be placed in local, regional, national or international media of our choice, including but not limited to print, direct mail, radio, television or Internet. We do not guarantee that advertising expenditures from the Brand Fund will benefit you or any other franchisee directly, on a pro rata basis, or at all.

The Brand Fund may periodically furnish you with samples of advertising, marketing and promotional formats and materials at its cost. We will furnish multiple copies of such materials to you at our direct cost of producing them, plus any related shipping, handling and storage charges. Because we do not have this fund audited, audited financial statements are not available to franchisees. We will provide an annual accounting for the Brand Fund that shows how the Brand Fund proceeds have been spent for the previous year upon written request.

The Brand Fund will be administered by us or designees, in our discretion, and we may use a professional advertising agency or media buyer to assist us. The Brand Fund will be in a separate bank account, commercial account or savings account. Your contribution to the Brand Fund will be in addition to all other advertising requirements set out in this Item 11.

We may spend, on behalf of the Brand Fund, in any fiscal year an amount greater or less than the aggregate contribution of all Stores to the Brand Fund in that year, and the Brand Fund may borrow from us or others to cover deficits or invest any surplus for future use. All interest earned on monies contributed to the Brand Fund will be used to pay advertising costs before other assets of the Brand Fund are expended. We will prepare an annual statement of monies collected and costs incurred by the Brand Fund and furnish the statement to you upon written request.

We are not obligated to spend any amount on advertising in the geographical area where you are or will be located. We will not use the Brand Fund contributions for advertising that is principally a solicitation for the sale of franchises, but we reserve the right to include a notation in any advertisement indicating “Franchises Available” or similar phrasing.

We reserve the right to defer or reduce contributions of a franchisee and, upon 30 days written notice, to reduce or suspend contributions to and operations of the Brand Fund for one (1) or more periods of any length and to terminate (and, if terminated, to reinstate) the Brand Fund. If the Brand Fund is terminated, all unspent monies on the date of termination will be distributed to franchisees in proportion to their respective contributions to the Brand Fund during the preceding 12 month period. (See Section 12 of the Franchise Agreement). While we do not anticipate that any part of the Advertising Fund contributions will be used for advertising which is principally a solicitation for franchisees, we reserve the right to include a notation in any advertisement indicating “Franchises Available” or similar phrasing.

During our most recent fiscal year ended December 31, 2020, we collected a total of \$202,242 for the Brand Fund, and we spent \$221,439. The overage spends in 2020 came from reserves in the Brand Fund from prior years. Of the amount collected, we spent 10% on production, 45% on marketing personnel, 33% on placement, and 12% on other. No money from the Brand Fund was spent on the solicitation of new franchise sales.

Initial Marketing and Local Advertising

You are required to initially spend approximately \$10,000 (approximately \$3,300 per month for the first three (3) months (“Initial Marketing”) for local marketing initiatives for your Standard Franchise or spend \$5,500 for your Express Franchise. (See Sections 5 and 12 of the Franchise Agreement). This amount is in addition to your contributions to the Brand Fund. After the Initial Marketing period, you will

be required to spend five percent (5%) of your Gross Sales or Five Hundred Dollars (\$500.00) per month on local advertising as outlined in the Confidential Operations Manual (“Local Marketing Requirement”). You will be required to submit quarterly accounts of the amounts spent on local marketing, unless we specify otherwise. If you fail to spend the Local Marketing Requirement in any given year, you will be required to pay the difference to the Brand Fund. Initial and ongoing local marketing requirements may be reduced for an Express Franchise, at our option.

You must order sales and marketing material from us or our designated suppliers. It is a material breach of the Franchise Agreement to use other marketing material without obtaining our prior written approval. If you desire to use your own advertising materials, including your own website, you must obtain our prior approval, which may be granted or denied in our sole discretion. We will review your request and we will respond in writing within 30 days from the date we receive all requested information. Our failure to notify you in the specified time frame will be deemed a disapproval of your request. Use of logos, Marks and other name identification materials must follow our approved standards. You may not use our logos, Marks and other name identification materials on items to be sold or services to be provided without our prior written approval. If you use unauthorized advertising materials, you must pay a fee of \$500 per occurrence to the Brand Fund (See Section 13.7 of the Franchise Agreement).

We retain the sole right to market on the Internet, including all use of websites, domain names, URL’s, linking, advertising, and co-branding arrangements (See Section 12.7 of the Franchise Agreement). You may not independently market on the Internet, or use any domain name, address, locator, link, metatag, or search technique, with words or symbols similar to the Marks without our express approval, which may be withheld. Franchisee will, however, have the ability to digitally market/advertise within their territory using pay-per-click or display services as Google Ads using our approved campaigns. We intend any franchisee website be accessed only through our home page. You will provide us content for our Internet marketing. We retain the right to approve any linking or other use of our website.

Criteria for approving internet marketing at the store level involve items such as content and type of offer, staying within territory boundaries and others. We have formalized social media guidelines and all store owners are allowed to participate in various forms of social media as long as those guidelines are met. Social media includes websites or applications such as Facebook, Twitter, Pinterest, Google+, Instagram and many more. Big Frog also has vetted platforms that provide e-commerce solutions for local market sales.

Marketing Cooperatives

You may be required to participate in any local or regional advertising cooperative for Big Frog Franchises that is established. The area of each local and regional advertising cooperative will be defined by us, based on our assessment of the area. Franchisees in each cooperative will contribute an amount to the cooperative for each Big Frog Franchise that the franchisee owns that exists within the cooperative’s area. Each Big Frog Franchise we own that exists within the cooperative’s area will contribute to the cooperative on the same basis as franchisees. Members of the cooperative will be responsible for administering the cooperative including determining the amount of contributions from each member. We may require that each cooperative that exceeds five (5) franchisee members must operate with governing documents. Each cooperative must prepare annual unaudited financial statements and such statements will be provided for review to each member of such cooperative. We reserve the right to form, change, dissolve or merge any advertising cooperative formed in the future. If we elect to form such cooperatives, or if such cooperatives already exist near your territory, you will be required to participate in compliance with the provisions of the Confidential Operations Manual, which we may periodically modify in our discretion.

Advisory Council

We currently have a franchise advisory council. It is a six (6) member panel with two (2) franchisor members and four (4) franchisee members. The four (4) franchisee members are elected by the franchisees on an annual basis. We reserve the right to appoint members to the council. The council has advisory power only. We also have a Marketing Advisory Council comprised of a franchisor member and several franchisees who are appointed.

Computer Systems

You must use the computer hardware and/or operating software we specify (“Computer System”). As of the Issuance Date of this Franchise Disclosure Document, the Computer System consists of three (3) Windows based desktop computer systems that are capable of running Windows 10 or later if your Standard Store has two (2) design stations. If your Store has three (3) design stations, you must purchase an additional computer (for a total of four (4) computers). Your Express Store may have two (2) or three (3) computers, including one (1) or two (2) design stations. Additionally, a typical Store will contain an additional Windows-based computer system in the back of the store for use by the Franchisee. Each design station will have two (2) 24-inch monitors. You must have the latest versions of Microsoft Office for Windows (including Word, Excel and PowerPoint), QuickBooks (Minimum of Pro Series), CorelDraw, and the POS software (“Software”).

We require that you purchase your Computer System from our approved supplier. We estimate the cost of purchasing the Computer System will be between \$12,000 and \$15,000 for a Standard Store, or between \$8587 and \$9847 for an Express Store. We may modify the specifications and components of the Computer System over the term of your Franchise Agreement. We may require you to own, lease, license, service and support the Computer System in the manner and on the terms we specify.

We may charge you a reasonable fee for (i) installing, providing, supporting, modifying, and enhancing any proprietary software or hardware we develop and license to you; and (ii) other Computer System-related maintenance and support services we provide to you. If we license any proprietary software to you or otherwise allow you to use similar technology that we develop or maintain, then you must sign any software license agreement or similar instrument we require.

You will have sole responsibility for: (1) the acquisition, operation, maintenance, and upgrading of your Computer System; (2) the manner in which your Computer System interfaces with our computer system and those of other third parties; and (3) any and all consequences that may arise if your Computer System is not properly operated, maintained and upgraded. We estimate that the annual costs of any optional or required maintenance updates or upgrading or support contracts will be between \$2,400 and \$5,000.

The Computer System will be used by your Store for the design and manufacture of products and to track payments. You will store invoices, templates and other information related to your Big Frog Business. We own all data generated by the Computer System concerning the Big Frog Business, including data stored in the Computer System and on any Internet website. We have the right to independently access your electronic information and data through our data management and intranet system and to collect, use and retain your electronic information and data in any manner we promote developing the system and the sale of Franchises. This may include posting financial information of each franchisee on an intranet website or using such information in our Franchise Disclosure Document. There is no contractual limitation on our right to receive or use information through our data management and intranet system.

Initial Training Program

You and any designated manager or representative must complete the initial training to our satisfaction before you open your Big Frog Business. We provide initial training at no charge for up to two

(2) people. You must pay a \$1,500 fee for training each additional person. Initial training classes are held whenever necessary to train new franchisees. Initial training consists of learning located in Dunedin, Florida, your store's location, and at a Big Frog Store designated as a "Center of Excellence". We are currently in the process of certifying Center of Excellence store locations throughout our system. You will not receive any compensation or reimbursement for services or expenses for participation in the initial training program. You are responsible for all your expenses to attend any training program, including lodging, transportation, food and similar expenses. The Initial Training Program will include five (5) segments:

TRAINING PROGRAM

Subject	Hours of Classroom Training at Big Frog University in Dunedin, FL	Hours of On the Job Training at your Store's location	Hours of eLearning on line at your Store's location	Hours of Training by Phone and/or Webinar at your Store's location	Hours of Training in a Center of Excellence
Administration	3	5	8	2	5
Operations Training	20	25	19	0	20
Sales & Marketing	10	5	2	8	10
Store Pre-Opening	1	0	0	26	0
Store Opening	1	0	0	5	0
Total	35	35	29	41	35

Notes:

1. The training may be less than the times indicated above depending on the number and experience of the attendees.
2. Training will be supervised by Ronald DeFrece, who has over 20 years of experience in operations, sales and retail. Mr. DeFrece has worked with us since our inception in 2008. Further training may be conducted by members of our staff and a variety of personnel associated with or designated by us with different levels of experience. All individuals who assist in the training process will have at least one (1) year of experience in the subject taught and/or our operations.
3. The Confidential Operations Manual serves as our primary instructional material during our Initial Training Program.

Ongoing Training

Your previously trained and experienced employees must attend and satisfactorily complete various training courses we periodically require at your cost and at the times and locations we designate. In addition to participating in ongoing training, you are required to attend an annual meeting of all franchisees at a location we designate. We estimate this training will be no longer than four (4) days per year. You must pay for all travel, living expenses and wages for your attendees.

We periodically may provide and require you and/or your manager attend seminars or refresher training programs. Attendance at these refresher training programs will be at your sole expense, however, we do not anticipate attendance will be required more than once per any calendar year.

ITEM 12 TERRITORY

The Franchise Agreement for your Big Frog Business grants you a designated exclusive territory ("Designated Territory") based on the geographic area and populations properties within that area and other relevant demographic characteristics. We will use commercially reasonable efforts to grant only one license to a Standard Franchisee for any area with a population of approximately 150,000 persons in the designated geographical location. An Express Franchisee will be granted a Designated Territory of solely the self-contained location (college campus, military base, stadium, etc.) or an additional population in the surrounding area. This Express territory may not have a minimum permanent population. The population statistics used in determining your Designated Territory will be based on numbers derived from the current United States Census report and supplemented with other information available and other population statistical sources we choose to determine populations. In certain densely populated metropolitan areas, a territory may be small if it has a high population density, while franchisees operating in less densely populated urban areas may have significantly larger areas. The Designated Territory will be defined by ZIP codes, city limits, highways or streets, or other similar factors as we may determine. The Designated Territory for your Big Frog Business will be listed in the Franchise Agreement. If you have not identified a site for your Big Frog Business when you sign the Franchise Agreement, which is typically the case, you and we will agree on the approved location in writing and amend the Franchise Agreement after you select and we approve the Site. We may, but have no obligation to, consider granting you the right to establish additional Big Frog outlets under other franchise agreements if you are successful and in compliance with the Franchise Agreement and propose to open another Big Frog outlet in an area and at a location we approve. We do not offer franchisees any options, rights of first refusal or similar rights to acquire additional franchises.

We retain the right to:

1. to own, franchise, or operate Big Frog Standard or Express Franchises at any location outside of the Designated Territory, regardless of the proximity to your Store;
2. to use the Marks and the System to sell any products or services, similar to those which you will sell, through any alternate channels of distribution within or outside of the Designated Territory. This includes, but is not limited to, other channels of distribution such as television, mail order, catalog sales, wholesale to unrelated retail outlets, or over the Internet. We exclusively reserve the Internet as a channel of distribution for us, and you may not independently market on the Internet or conduct e-commerce without our prior written approval;
3. to use and license the use of other proprietary and non-proprietary marks or methods which are not the same as or confusingly similar to the Marks, whether in alternative channels of distribution or in the operation of a business offering full service apparel printing and related products and services, at

any location, including within the Designated Territory, which may be similar to or different from the Big Frog Business operated by you;

4. to purchase or be purchased by, or merge or combine with, any business, including a business that competes directly with your Big Frog Franchise, wherever located;

5. to acquire and convert to the System operated by us, any businesses offering services and products related to operating full service apparel printing, including such businesses operated by competitors or otherwise operated independently or as part of, or in association with, any other system or chain, whether franchised or corporately owned and whether located inside or outside of the Designated Territory, provided that in such situations the newly acquired businesses may not operate under the Marks in the Designated Territory; and

6. to implement multi-area marketing programs which may allow us or others to solicit or sell to customers anywhere. We also reserve the right to issue mandatory policies to coordinate such multi-area marketing programs.

The continuation of the Designated Territory is not dependent upon your achievement of a certain sales volume, market penetration, or other contingency. We do not pay compensation for soliciting or accepting orders inside your Designated Territory. As of the Issuance Date of this Franchise Disclosure Document we do not currently sell anything directly to customers.

Upon resale, we reserve the right to reconfigure the territory upon any transfer of your franchise to a third party.

You may operate the Big Frog Business only at the approved location within your Designated Territory. The approved location for your Store will be listed in the Franchise Agreement. If you have not identified an approved location for the Store when you sign the Franchise Agreement, as is typically the case, you and we will agree on the approved location in writing and amend the Franchise Agreement after you select and we approve the approved location. Although we may assist you in selecting a location for your Store, you are solely responsible for selecting the approved location and negotiating the lease or purchase term. You are not guaranteed any specific approved location and you may not be able to obtain your top choice as your approved location.

You may not change the location of your Franchised Business, without our written consent, which we may withhold in our sole discretion. If we give our consent, we will charge you a relocation fee equal to One Thousand Five Hundred Dollars (\$1,500.00). The conditions under which we may allow you to relocate include the following: loss of your premises not due to your default, demographics of the surrounding area, proximity to other Big Frog outlets, lease requirements, traffic patterns, vehicular and pedestrian access, proximity to major roads, available parking, and overall suitability. If you wish to relocate, you must identify a new location for the Franchised Business that meets our approval, in accordance with our then-current site selection procedures, and build out the approved location within 90 days. If you do not identify a site and complete the build-out within this time period, we may terminate the Franchise Agreement. You must continue to operate at your original premises until construction of the new site is complete.

There are no territorial restrictions from accepting business from customers that reside/work or are otherwise based outside of your Designated Territory if these customers contact you and/or visit your store. You may not use alternative channels of distribution, such as the Internet, catalog sales, telemarketing, or other direct marketing to make any sales inside or outside your designated territory without our prior written approval.

We have not established other franchises or company-owned outlets or another distribution channel

offering or selling similar products or services under a different trademark. Neither we nor our affiliate(s) have established, or presently intent to establish, other franchised or company-owned businesses that sell our approved products and services under a different trade name or trademark, but we reserve the right to do so in the future without your consent.

ITEM 13 TRADEMARKS

We grant to you the right to operate a Store under the name “Big Frog” and “Big Frog Custom T-Shirts & More” and may also grant to you the right to use certain other current and future trademarks to operate your Store. Your use of the Marks and any related goodwill is to our exclusive benefit and you retain no rights in the Marks.

Mark	Serial Number	Filing Date	Register
Big Frog	90513778	February 5, 2021	Principal
	90513842	February 5, 2021	Principal

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

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. Except for the Trademark License, no agreement significantly limits our right to use or license the Marks in a manner material to your Franchise. We do not know of either superior prior rights or infringing uses that could materially affect your use of the Marks in any state.

You must follow our guidelines and requirements when using the Marks. You cannot use our name or mark as part of a corporate name or with modifying words, designs, or symbols unless you receive our prior written consent. You must indicate to the public in any contract, advertisement and with a conspicuous sign in your Store that you are an independently owned and operated licensed franchisee of BF Franchise Group. You may not use the Marks in the sale of unauthorized services or products or in any manner we do not authorize. You may not use the Marks in any advertising for the transfer, sale or other disposition of the Big Frog Business or any interest in the Franchise. All rights and goodwill from the use of the Marks accrue to us. If it becomes advisable at any time, in our sole discretion, for us and/or you to modify or discontinue using any Mark and/or use one (1) or more additional or substitute trademarks or service marks, you must comply with our directions within a reasonable time 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 when 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 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 you are not permitted to control any proceeding or litigation relating to our Marks. We have no obligation to pursue any infringing users of our 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 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.

ITEM 14

PATENTS, COPYRIGHTS, AND PROPRIETARY INFORMATION

The information in the Confidential Operations Manual is proprietary and is protected by copyright and other laws. The designs contained in the Marks, the layout of our advertising materials, the content and format of our products, and any other writings and recordings in print or electronic form are also protected by copyright and other laws. Although we have not applied for copyright registration for the Confidential Operations Manual, our advertising materials, the content and format of our products, or any other writings and recordings, we claim common law and federal copyrights in these items. We grant you the right to use this proprietary and copyrighted information ("Copyrighted Works") for your operation of your Big Frog Franchise but such copyrights remain our sole property.

There are no effective determinations of the United States Copyright Office or any court regarding any Copyrighted Works of ours, nor are any proceedings pending, nor are there any effective agreements between us and third parties pertaining to the Copyrighted Works that will or may significantly limit using our Copyrighted Works.

Our Confidential Operations Manual, electronic information and communications, sales and promotional materials, the development and use of our System, standards, specifications, policies, procedures, information, concepts and systems on, knowledge of, and experience in the development, operation and franchising of Big Frog Franchises, our training materials and techniques, information concerning product and service sales, operating results, financial performance and other financial data of Big Frog Franchises and other related materials are proprietary and confidential ("Confidential Information") and are our property to be used by you only as described in the Franchise Agreement Confidential Operations Manual. Where appropriate, certain information has also been identified as trade secrets ("Trade Secrets"). You must maintain the confidentiality of our Confidential Information and Trade Secrets and adopt reasonable procedures to prevent unauthorized disclosure of our Trade Secrets and Confidential Information.

We will disclose parts of the Confidential Information and Trade Secrets to you as we deem necessary or advisable for you to develop your Big Frog Franchise during training and in guidance and assistance furnished to you under the Franchise Agreement and you may learn or obtain from us additional Confidential Information and Trade Secrets during the term of the Franchise Agreement. The Confidential Information and Trade Secrets are valuable assets of ours and are disclosed to you on the condition that you, and your owners if you are a business entity, and employees agree to maintain the information in confidence by entering into a confidentiality agreement we can enforce. Nothing in the Franchise Agreement will be construed to prohibit you from using the Confidential Information or Trade Secrets in the operation of other Big Frog Franchises during the term of the Franchise Agreement.

You must notify us within three (3) days after you learn about another's use of language, a visual image, or a recording of any kind, that you perceive to be identical or substantially similar to one of our Copyrighted Works or use of our Confidential Information or Trade Secrets, or if someone challenges your

use of our Copyrighted Works, Confidential Information or Trade Secrets. We will take whatever action we deem appropriate, in our sole and absolute discretion, to protect our rights in and to the Copyrighted Works, Confidential Information or Trade Secrets, which may include payment of reasonable costs associated with the action. However, the Franchise Agreement does not require us to take affirmative action in response to any apparent infringement of or challenge to your use of any Copyrighted Works, Confidential Information or Trade Secrets or claim by any person of any rights in any Copyrighted Works, Confidential Information or Trade Secrets. You must not directly or indirectly contest our rights to our Copyrighted Works, Confidential Information or Trade Secrets. You may not communicate with anyone except us, our counsel or our designees regarding any infringement, challenge or claim. We will may take action as we deem appropriate regarding any infringement, challenge or claim, and the sole right to control exclusively any litigation or other proceeding arising out of any infringement, challenge or claim under any Copyrighted Works, Confidential Information or Trade Secrets. You must sign any and all instruments and documents, give the assistance, and do acts and things that may, in the opinion of our counsel, be necessary to protect and maintain our interests in any litigation or proceeding or to protect and maintain our interests in the Copyrighted Works, Confidential Information or Trade Secrets.

No patents or patents pending are material to us at this time.

Database, Email Address and Telephone Numbers

The customer database created from any Franchisee is the sole property of The BIG FROG Franchise Group and may not be sold, assigned, transferred or used by any individuals without our written consent. Any telephone numbers associated with a Big Frog Store are the sole property of The BIG FROG Franchise Group and may not be sold, assigned or transferred without our express written consent. Any and all email addresses connected to a Big Frog Store are the sole property of The BIG FROG Franchise Group and may not be sold, assigned or transferred without our express written consent.

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

You, or if you are a business entity, your “Principal Owner” should devote your time and best efforts to the management and operation of your Store and will have primary responsibility for your operations under the Franchise Agreement. If you or your Principal Owner are not actively on site supervising and managing your Big Frog Business, you must have a designated manager (“Manager”) who meets the following qualifications and conditions: (i) has day-to-day management responsibility over the Big Frog Business; (ii) is employed on a full-time basis to manage the Big Frog Business; (iii) enters into our then-current form of Nondisclosure, Nonsolicitation and Noncompetition Agreement (“Noncompetition Agreement”), the form of which is attached to this Franchise Disclosure Document in Exhibit F; and (iv) satisfactorily completes the Initial Training Program. You must designate either a Principal Owner or the Manager as a primary point of contact for the Big Frog Business. The primary contact shall conduct all correspondences with our vendors and us and shall have the final authorization in the event of a dispute among owners of the business entity.

You may not employ any Manager, or appoint any Principal Owner, who does not complete our Initial Training Program to our satisfaction. If a Manager’s employment with you is terminated, and your Principal Owner will not manage your Big Frog Business, you must appoint a new manager who must successfully complete our Initial Training Program 60 days after the termination of the former Manager, unless we do not hold an Initial Training Program during that 60 day period, in which case the replacement manager must attend and successfully complete the first available Initial Training Program held by us. You may be charged a training fee for a replacement manager or Principal Owner and the costs for airfare, ground transportation, lodging, meals, personal expenses, and salary and benefits must be paid by you.

Factors used by us in determining whether you will be charged a training fee include the location of training, the length and type of training necessary, the costs borne by us in conducting the training, the replacement manager or Principal Owner's previous experience and skill and our availability.

Any Manager and, if you are a business entity, any officer that does not own equity in the franchisee entity, must sign the Noncompetition Agreement. All of your employees, independent contractors and other agents or representatives who may have access to our confidential information must sign a Confidentiality Agreement (unless they already signed a Noncompetition Agreement), which is attached to the Franchise Disclosure Document in Exhibit F. If you are an entity, each owner (i.e., each person holding an ownership interest in you) must sign a personal guaranty, the form of which is attached to the Franchise Agreement as Attachment C. We also require owner's spouses to sign the personal guaranty.

ITEM 16 RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You must sell or offer for sale only those services and products authorized by us and which meet our standards and specifications. You must follow our policies, procedures, methods, and techniques. You must sell or offer for sale all types of services and Products specified by us. We may change or add to our required services and products at our discretion with prior notice to you. If we change or add to our required services and products, the changes or additions will remain in permanent effect, unless we specify otherwise. The amount you must pay for the changes or additions will depend upon the nature and type of changes or additions. You must discontinue selling and offering for sale any services or products that we disapprove. We reserve the right to establish minimum and maximum resale prices for use with multi-area marketing programs and special price promotions.

You may not sell products through other channels of distribution such as wholesale, Internet or mail order sales without our prior written approval. You may not establish an account or participate in any social networking sites (including, without limitation, Facebook, Instagram, Twitter or any other social or professional networking site or blog) or mention or discuss the Big Frog Franchise, us or our affiliate, without our prior written consent and as subject to our on-line policy. Our on-line policy may completely prohibit you from any use of the Marks in social networking sites or other on-line use. Otherwise, except as provided in Item 12, we place no restrictions upon your ability to serve customers provided you do so from the Store under our policies.

ITEM 17 RENEWAL, TERMINATION, TRANSFER, AND DISPUTE RESOLUTION

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.

THE FRANCHISE RELATIONSHIP

	Provision	Section in Franchise Agreement	Summary
a.	Length of the franchise term	Art. 4	Term is ten (10) years
b.	Renewal	Sections 5.1 and 5.4	If you are in good standing as defined below, you can renew for up to two (2) additional terms of five (5) years each, unless we have determined, in our sole discretion, to withdraw from your Territory.

	Provision	Section in Franchise Agreement	Summary
c.	Requirements for franchisee to renew or extend	Sections 5.2 and 5.3	Be in full compliance, have no more than three (3) events of default during current term; provide written notice to us at least six months before the end of the term; execute a new franchise agreement; pay us a renewal fee of three thousand dollars (\$3,000); continue to maintain your location, current trade dress and other standards; execute a general release; comply with then-current qualifications and training requirements; including completion of additional training. You may be asked to sign a new Franchise Agreement with materially different terms and conditions than your original Franchise Agreement.
d.	Termination by franchisee	None	You may seek termination upon any grounds available by state law.
e.	Termination by franchisor without cause	Section 16.7	The Franchise Agreement will terminate automatically upon your death or permanent disability, unless prohibited by law and the Franchise is transferred within 6 months to a replacement franchisee that we approve.
f.	Termination by franchisor with cause	Article 17	We may terminate only if you default. The Franchise Agreement describes defaults throughout. Please read it carefully.
g.	"Cause" defined – curable defaults	Section 17.3	You have 5 days to cure non-payments and any other defaults (except for non-curable defaults listed in the Franchise Agreement and described in h. immediately below).

h.	"Cause" defined - non-curable defaults	Sections 17.1 and 17.2	The Franchise Agreement will terminate automatically, without notice for the following defaults: insolvency; bankruptcy; written admission of inability to pay debts; receivership; levy; composition with creditors; unsatisfied final judgment for more than 30 days; or foreclosure proceeding that is not dismissed within 30 days. We may terminate the Franchise Agreement upon notice to you if you: do not acquire a site, do not complete construction, obtain permits and/or open the Franchised Business within required time frames; falsify any report to us; cease operations for 5 days or more, unless the premises are damaged and you apply to relocate; lose possession of the premises, unless you are not at fault for loss and you timely apply to relocate; fail to restore and re-open the Franchised Business within 120 days after a casualty, as may be extended by us; fail to comply with applicable laws; default under any lease for the premises; understate Gross Revenue two (2) or more times; fail to comply with insurance and indemnification requirements; attempt a transfer in violation of the Franchise Agreement; fail, or your legal representative fails to transfer as required upon your death or permanent disability; misrepresent or omit a material fact in applying for the Franchise; are convicted or plead no contest to a felony or crime or engages in conduct that could damage the goodwill or reputation of our trademarks or the System; receive an adverse judgment in any proceeding involving allegations of fraud, racketeering or improper trade practices or similar claim that could damage the goodwill or reputation of our trademarks or the System; conceal revenues or maintain false books; create a threat or danger to public health or safety; refuse an inspection or audit by us; use our trademarks, copyrighted material or Confidential Information in an unauthorized manner; make an unauthorized disclosure of Confidential Information; fail to comply with non-competition covenants; default in the performance of your obligations three (3) or more times during the term or receive two (2) or more default notices in any 12-month period; default under any other agreement with us or our affiliate; have insufficient funds to honor a check or EFT two (2) or more times within any twelve (12)-month period; default, or your affiliate defaults, under another agreement with us or our affiliate; or terminate the Franchise Agreement without cause.
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	Provision	Section in Franchise Agreement	Summary
i.	Franchisee's obligations on termination/ non-renewal	Article 18	Upon termination, you must: cease operations; cease to identify yourself as a Big Frog franchisee; cease to use our trademarks or other intellectual property; cancel any assumed name registration that contains any Mark; pay us and our affiliates all sums owing; pay us any damages, costs or expenses we incur in obtaining any remedy for any violation of the Franchise Agreement by you, including, but not limited to attorney's fees; deliver to us all Confidential Information, the Operations Manual and all records and files related to your Franchised Business; comply with the non-disclosure and non-competition covenants; pay liquidated damages; sell to us, at our option, all furnishing, fixtures, equipment, inventory and supplies of your Franchised Business; and assign, at our option, your telephone numbers, directory and internet listings, and social media accounts and the lease for the location.
j.	Assignment of contract by franchisor	Section 16.1.1	No restrictions on our right to assign.
k.	"Transfer" by franchisee defined	Section 16.3	Any assignment, sale, transfer, gift, devise or encumbrance of any interest in the Franchise Agreement, the Franchised Business, any assets of the Franchised Business, or in the Franchisee (if the Franchisee is a business entity).
l.	Franchisor approval of transfer by franchisee		No transfer is allowed without our consent, which we will not unreasonably withhold.
m.	Conditions for franchisor approval of a transfer	Section 16.3 and 16.4	Conditions include: our decision not to exercise our right of first refusal; transferee meets our then-current standards for qualifying franchisees; transferee signs our then-current form of Franchise Agreement, which may have materially different terms from your Franchise Agreement; transferee successfully complete our Initial Training Program; you have paid us and third-party creditors all amounts owed; you and the transferee sign a General Release in the form of Attachment 4 to the Franchise Agreement; you shall subordinate any claims you have against the transferee to us; you will indemnify us against any claims by the transferee relating to misrepresentations in the transfer process; our approval of the material terms and conditions of the transfer; payment of a transfer fee equal to \$9,500.

	Provision	Section in Franchise Agreement	Summary
n.	Franchisor's right of first refusal to acquire franchisee's business	Section 16.6	You must promptly notify us of any written offer to purchase your Franchise. We have 30 days to exercise our first right to buy it on the same terms and conditions, provided that (a) we may substitute cash for any other consideration (b) we may pay the entire purchase price at closing, (c) our credit is deemed as good as the proposed purchaser, (d) we have at least 60 days to close and (e) you shall give us all customary seller's representations and warranties.
o.	Franchisor's option to purchase franchisee's business	Section 18.2	Upon termination of the Franchise Agreement, we have the option to purchase your equipment, furniture, fixtures, signs, advertising materials, supplies, and inventory at your cost or fair market value, whichever is less.
p.	Death or disability of franchisee	Sections 16.3, 16.4 and 16.7	The Franchise Agreement will terminate automatically upon your death or permanent disability, unless prohibited by law and the Franchise is transferred within 6 months to a replacement franchisee that we approve.
q.	Non-competition covenants during the term of the franchise	Section 19.5.1	You may not: divert, or attempt to divert, customers of any Big Frog outlet (including yours) to any competitor, participate in any capacity, including, but not limited to as an owner, investor, officer, director, employee or agent, in any competing business; do any act that could damage the goodwill of the Marks or System, or disrupt or jeopardize our business or that of our franchisees.
r.	Non-competition covenants after the franchise is terminated or expires	Section 19.5.2	For 24 months after the termination of the Franchise Agreement, you may not: divert, or attempt to divert, customers of any Big Frog outlet (including yours) to any competitor, participate in any capacity, including, but not limited to as an owner, investor, officer, director, employee or agent, in any competing business within fifteen (15) miles of your former Big Frog outlet location or any other Big Frog outlet location (franchised or company owned); do any act that could damage the goodwill of the Marks or System, or disrupt or jeopardize our business or that of our franchisees.
s.	Modification of the agreement	Sections 9.4, 14.6, 19.1.4 and 22.4	No oral modifications generally, but we may change the Operations Manual and System standards at any time. You may be required to implement these changes at your own costs. We have the right to modify our Marks at any time upon written notice to you.

	Provision	Section in Franchise Agreement	Summary
t.	Integration/merger clause	Section 21.4	Only the terms of the Franchise Agreement and other related written agreements, such as any attachments to the Franchise Agreement or addenda, are binding (subject to applicable state law.) Any representations or promises outside of the disclosure document and Franchise Agreement may not be enforceable.
u.	Dispute resolution by arbitration or mediation	Sections 20.1, 20.2 and 20.3	At our option, claims that are not resolved internally may be submitted to non-binding mediation at our headquarters.
v.	Choice of forum	Section 20.4	Litigation takes place in Pinellas County, Florida (subject to applicable state law).
w.	Choice of law	Section 20.4	Florida law applies (subject to applicable state law).

**ITEM 18
PUBLIC FIGURES**

We do not use any public figures to promote the System or any Store.

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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 Franchise Disclosure Document. Financial performance information that differs from that included in Item 19 may be given only if: (1) a franchisor provides the actual records of an existing outlet you are considering buying; or (2) a franchisor supplements the information provided in this Item 19, for example, by providing information about possible performance at a particular location or under particular circumstances.

This Item 19 presents information about the Key Performance Indicators and a historic financial performance with respect to Big Frog Stores open and operating for at least a full 12 months as of December 31, 2020. On December 31, 2020, we had 79 franchised Big Frog Stores in operation for the full twelve months*. We have excluded the Key Performance Indicators of 3 franchised outlets, as they opened for business during calendar year 2020 and have not operated for a full 12 months. In 2019, the number of stores operating the entirety of 2019 was 86 and for 2018 the total number of stores in operation for the full year was 81.

*Due to COVID-19 most stores were partially or fully closed for at least 6 weeks during 2020. All stores closed to the general public during federally mandated quarantine, but some stores continued to service customers with only the owner operating the store and designers working from home.

Big Frog Key Performance Indicators – 2020 compared to 2019 & 2018

The data used in preparing these Key Performance Indicators were compiled from information submitted to us through the Big Frog Point of Sale system (“POS System”). While we believe that the data are accurate, we have not independently verified or audited the information.

	2020	2019	2018
Systemwide Gross Revenue	\$24,004,595	\$32,214,861	\$28,307,218
Average Annual Revenue per Outlet	\$303,856	\$374,591	\$349,472
Highest Single Outlet Revenue	\$970,637	\$1,041,131	\$945,009
Lowest Single Outlet Revenue	\$91,391	\$79,792	\$68,052
Total Annual Customer Count	139,757	198,861	186,195
Average Annual Customer Count Per Outlet	1,769	2,071	2,229
Highest Single Outlet Customer Count	3,774	5,245	5,353
Lowest Single Outlet Customer Count	430	892	642
Systemwide Average Sale	\$173.30	\$162.07	\$152.00
Highest Single Outlet Average Sale	\$332.11	\$309.82	\$280.72
Lowest Single Outlet Average Sale	\$88.86	\$87.51	\$83.73

The following Tables contain historical financial performance representations, including cost data, for 75 franchised Big Frog Stores in operation on December 31, 2020 and who had operated for at least 12 months. We have excluded from the following Tables (i) 3 franchised outlets that did not operate for a full 12 months and (ii) 5 franchised outlets who did not submit to us one or more monthly profit and loss statements.

Year	Range	# of stores in range	% of total stores reported	Average Revenue	% Average Monthly Payroll	% COGS	% Rent	% Utilities	% Marketing
2020	>\$450K	12	16%	\$571,410	17.7%	39.5%	7.1%	1.1%	1.6%
	\$350k to \$450k	12	16%	\$385,727	22.7%	39.3%	12.6%	1.9%	2.0%
	\$250k to \$350k	20	27%	\$286,483	25.1%	35.8%	14.3%	1.8%	2.3%
	<\$250K	31	41%	\$196,367	25.5%	35.0%	17.1%	3.3%	2.9%
	# of Stores	75							
2019	>\$450K	21	33%	\$609,909	16.5%	40.9%	6.4%	1.1%	1.9%
	\$350k to \$450k	18	28%	\$394,751	23.0%	37.2%	11.3%	1.8%	2.0%
	\$250k to \$350k	16	25%	\$301,460	20.7%	37.7%	11.6%	2.3%	2.6%
	<\$250K	9	14%	\$206,445	28.6%	33.2%	18.2%	3.1%	4.7%
	# of Stores	64							
2018	>\$450K	18	23%	\$568,567	15.8%	37.1%	7.0%	1.2%	1.5%
	\$350k to \$450k	17	22%	\$386,040	19.1%	35.1%	10.7%	1.6%	2.2%
	\$250k to \$350k	28	35%	\$291,512	20.0%	31.0%	12.6%	2.1%	3.0%
	<\$250K	16	20%	\$177,288	19.6%	29.5%	19.2%	2.7%	3.3%
	# of Stores	79							

Column Definitions:

“Range” = Range of Gross Revenue for Each Outlet

“# Stores in Range” = Number of outlets that had total revenue in that range

“% of total stores reported” = Percent of stores that submitted profit and loss statements in that range

“Average Revenue” = Average Revenue of those stores in that revenue range

“% Average Monthly Payroll” = Average payroll as a percentage of gross revenue

“% COGS” = Cost of Goods Sold, including apparel, decorating material, but not including Labor, as a percentage of Gross Revenue.

“% Rent” = Total rent including CAM charges and applicable taxes, as a percentage of Gross Revenue.

“% Utilities” = Total utilities paid including electricity, heat and water, as a percentage of Gross Revenue.

“% Mktg” = Total money spent on advertising and promotion including National Ad Fund paid to us, as a percentage of Gross Revenue.

Written substantiation will be made available to you upon reasonable request.

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

Other than the preceding financial performance representation, Big Frog Custom T-Shirts, Inc. 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 Tina Bacon-DeFrece at 533 Main St., Dunedin, Florida 34698, 727-286-8985, the Federal Trade Commission, and the appropriate state regulatory agencies.

ITEM 20 OUTLETS AND FRANCHISEE INFORMATION

Table No. 1

Systemwide Outlet Summary For Years 2018-2020

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2018	81	92	+11
	2019	92	88	-4
	2020	88	82	-6
Company-Owned	2018	0	0	0
	2019	0	0	0
	2020	0	0	0
Total Outlets	2018	81	92	+11
	2019	92	88	-4
	2020	88	82	-6

Table No. 2

Transfers of Outlets from Franchisees to New Owners (other than the Franchisor)
For Years 2018 - 2020

State	Year	Number of Transfers
Arizona	2018	0
	2019	1
	2020	0
Arkansas	2018	0
	2019	1
	2020	0
Florida	2018	1
	2019	0
	2020	2
Georgia	2018	1
	2019	0
	2020	3
Illinois	2018	0
	2019	0
	2020	1
Michigan	2018	0
	2019	0
	2020	2
Missouri	2018	1
	2019	0
	2020	0
Nebraska	2018	0
	2019	0
	2020	1
New Jersey	2018	0
	2019	0
	2020	1
Texas	2018	0

State	Year	Number of Transfers
	2019	1
	2020	1
Totals	2018	3
	2019	3
	2020	11

Table No. 3

Status of Franchised Outlets
For Years 2018-2020

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations-Other Reasons	Outlets at End of the Year
Arizona	2018	2	0	0	0	0	0	2
	2019	2	0	0	0	0	0	2
	2020	2	0	0	0	0	0	2
Arkansas	2018	1	0	0	0	0	0	1
	2019	1	0	0	0	0	0	1
	2020	1	0	0	0	0	0	1
California	2018	3	1	0	0	0	0	4
	2019	4	0	0	0	0	0	4
	2020	4	0	0	1	0	0	3
Colorado	2018	1	1	0	0	0	0	2
	2019	2	0	0	0	0	1	1
	2020	1	1	0	0	0	0	2
Florida	2018	11	1	0	0	0	0	12
	2019	12	0	1	0	0	1	10
	2020	10	0	0	0	0	2*	8
Georgia	2018	10	0	0	0	0	0	10

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations-Other Reasons	Outlets at End of the Year
	2019	10	0	0	0	0	0	10
	2020	10	1	0	0	0	0	11
Illinois	2018	3	0	0	0	0	0	3
	2019	3	0	0	0	0	0	3
	2020	3	0	0	0	0	0	3
Indiana	2018	1	0	0	0	0	0	1
	2019	1	0	0	0	0	1	0
	2020	0	0	0	0	0	0	0
Louisiana	2018	1	0	0	0	0	0	1
	2019	1	0	0	0	0	0	1
	2020	1	0	0	0	0	0	1
Maryland	2018	1	0	0	0	0	0	1
	2019	1	0	0	0	0	0	1
	2020	1	0	0	0	0	0	1
Michigan	2018	2	1	0	0	0	0	3
	2019	3	0	0	0	0	0	3
	2020	3	0	0	0	0	0	3
Minnesota	2018	4	0	0	0	0	0	4
	2019	4	0	0	0	0	0	4
	2020	4	0	0	0	0	0	4
Missouri	2018	3	0	0	0	0	0	3
	2019	3	0	0	0	0	0	3
	2020	3	0	0	0	0	1	2
Montana	2018	1	0	1	0	0	0	0
	2019	0	0	0	0	0	0	0
	2020	0	0	0	0	0	0	0
Nebraska	2018	1	0	0	0	0	0	1
	2019	1	0	0	0	0	0	1

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations-Other Reasons	Outlets at End of the Year
	2020	1	0	0	0	0	0	1
Nevada	2018	2	0	0	0	0	0	2
	2019	2	0	0	0	0	0	2
	2020	2	0	0	0	0	0	2
New Jersey	2018	2	0	0	0	0	0	2
	2019	2	0	0	0	0	0	2
	2020	2	0	0	0	0	0	2

New York	2018	1	0	0	0	0	0	1
	2019	1	1	0	0	0	0	2
	2020	2	0	0	0	0	0	2
North Carolina	2018	3	1	0	0	0	0	4
	2019	4	0	0	0	0	0	4
	2020	4	0	0	0	0	0	4
Ohio	2018	3	0	0	0	0	0	3
	2019	3	0	0	0	0	0	3
	2020	3	0	0	0	0	0	3
Oregon	2018	2	0	0	0	0	0	2
	2019	2	0	0	0	0	0	2
	2020	2	0	0	0	0	0	2
Pennsylvania	2018	2	0	0	0	0	0	2
	2019	2	1	0	0	0	1	2
	2020	2	0	0	0	0	0	2

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations- Other Reasons	Outlets at End of the Year
South Dakota	2018	0	0	0	0	0	0	0
	2019	0	1	0	0	0	0	1
	2020	1	0	0	0	0	0	1
Tennessee	2018	3	0	0	0	0	0	3
	2019	3	0	0	0	0	0	3
	2020	3	0	0	1	0	0	2
Texas	2018	18	6	0	0	0	0	24
	2019	24	1	0	1	0	2	22
	2020	22	1	0	0	0	4	19
Wisconsin	2018	0	1	0	0	0	0	1
	2019	1	0	0	0	0	0	1
	2020	1	0	0	0	0	0	1
Totals	2018	81	12	1	0	0	0	92
	2019	92	4	0	2	0	6	88
	2020	88	3	0	2	0	7	82

* One outlet temporarily closed for relocation

Table No. 4

Status of Company-Owned Outlets
For Years –2018 - 2020

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired From Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of the Year
None	2018	0	0	0	0	0	0
	2019	0	0	0	0	0	0
	2020	0	0	0	0	0	0
Totals	2018	0	0	0	0	0	0
	2019	0	0	0	0	0	0
	2020	0	0	0	0	0	0

Table No. 5

Projected Openings as of
December 31, 2020

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
Arizona	0	4	0
Florida	1	4	0
South Carolina	0	1	0
Texas	0	4	0
Virginia	0	1	0
Total	1	14	0

The names, addresses and telephone numbers of our current franchisees are attached to this Franchise Disclosure Document as Exhibit C. The name and last known address and telephone number of every franchisee who has had a franchise terminated, cancelled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under the Franchise Agreement during the most recent completed fiscal year or who has not communicated with us within 10 weeks of the Issuance Date of this Franchise Disclosure Document is listed in Exhibit C attached to this Franchise Disclosure Document.

In some instances, current and former franchisees may sign provisions restricting their ability to speak openly about their experiences with the Big Frog Franchise. You may wish to speak with current and former franchisees, but be aware that not all such franchisees can communicate with you. During the last three fiscal years, no current and former franchisees have signed confidentiality clauses restricting their ability to speak openly about their experiences with us. If you buy a Store, your contact information may be disclosed to other buyers when you leave the franchise system. As of the date of this Franchise Disclosure Document, no franchisee has entered into such agreement during the last three (3) years.

As of the Issuance Date of this Franchise Disclosure Document, there are no franchise organizations sponsored or endorsed by us and no independent franchisee organizations have asked to be included in this Franchise Disclosure Document. We do not have any trademark-specific franchise organizations.

ITEM 21
FINANCIAL STATEMENTS

Attached as Exhibit B are our audited financials as of December 31, 2020, December 31, 2019, and December 31, 2018. Our fiscal year ends December 31.

ITEM 22
CONTRACTS

The following exhibits contain proposed agreements regarding the Big Frog Franchise:

Exhibits:

Exhibit A	Franchise Agreement
Exhibit F	Contracts for use with the Big Frog Franchise
Exhibit G	State Addenda and Agreement Riders

**ITEM 23
RECEIPTS**

The last pages of this Franchise Disclosure Document in Exhibit I are detachable, 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
FRANCHISE AGREEMENT

BIG FROG CUSTOM T-SHIRTS, INC. FRANCHISE AGREEMENT

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ATTACHMENTS:

ATTACHMENT 1: FRANCHISEE ACKNOWLEDGMENT STATEMENT

ATTACHMENT 2: MARKS

ATTACHMENT 3: TERRITORY

ATTACHMENT 4: GENERAL RELEASE

ATTACHMENT 5: AUTHORIZATION AGREEMENT (ACH WITHDRAWALS)

ATTACHMENT 6: CONDITIONAL ASSIGNMENT OF LEASE

ATTACHMENT 7: INTERNET ADVERTISING, SOCIAL MEDIA AND TELEPHONE ACCOUNT
AGREEMENT

ATTACHMENT 8: STATEMENT OF OWNERSHIP INTEREST IN FRANCHISEE/ENTITY

ATTACHMENT 9: SPOUSAL GUARANTY

ATTACHMENT 10: CONFIDENTIALITY AND NON-COMPETE AGREEMENT

THIS AGREEMENT is made and entered this _____
(the “Effective Date”) between the franchisor Big Frog Custom T-Shirts, Inc., a Florida corporation,
with its principal address at 533 Main Street, Dunedin, Florida 34698 (herein referred to as
“Franchisor”) and _____, a(n) _____
_____, with its principal place of business located at _____
_____ and _____’s principals _____
_____, an individual residing at _____ and _____
_____, an individual residing at _____
_____ (“Principal(s)”). _____ and Principal(s) shall be
collectively referred to in this Agreement as “Franchisee”.

RECITATIONS

Through the expenditure of considerable time, effort and money, Franchisor has developed and established a full-service retail printing business specializing in printed apparel and specialty products under the Big Frog trademarks, and using Franchisor’s confidential operations manual (“Manual”) of business practices and policies, and Franchisor’s distinctive, décor, fixtures and furnishings, operations methods, sales techniques, inventory, procedures for management control and training, assistance, advertising, and promotional programs, all of which may be changed, improved or further developed by Franchisor at any time (taken together herein the “System”).

The System is identified by certain trade names, service marks, trademarks, logos, emblems and indicia of origin, including but not limited to the Big Frog® and Big Frog Custom T-Shirts & More® service marks, as set forth in Attachment 2, and such other trade names, service marks, and trademarks as are now designated and may hereafter be designated or substituted by Franchisor for use in connection with the System (the “Marks”).

Franchisor continues to develop, use, and control the use of such Marks in order to identify for the public the source of services and products marketed under the Marks and the System and to represent the System’s high standards of quality, appearance, and service.

Franchisee understands and acknowledges the importance of Franchisor’s high and uniform standards of quality, service, and appearance, and the necessity of operating the business franchised hereunder in conformity with Franchisor’s standards and specifications.

NOW, THEREFORE, the parties, in consideration of the promises, undertakings and commitments of each party to the other set forth herein, and intending to be legally bound hereby, mutually agree as follows:

- 1. RECITATIONS.** The Recitations set out above form part of this Agreement.
- 2. GRANT OF FRANCHISE.** Franchisor hereby grants to Franchisee and Franchisee accepts, upon the terms and conditions contained in this Agreement, the license to operate a Big Frog franchise (the “Franchise” or “Franchised Business”), using only the Marks licensed hereunder, in strict conformity with the System, which may be changed, improved and further developed by Franchisor from time to time. This grant applies only to a single location within a

territory that is designated in Attachment 3 attached hereto and incorporated herein (the “Territory”).

3. TERRITORY.

3.1 Territory. This Agreement grants Franchisee the right to operate the Franchised Business at a single location within the Territory. Franchisor agrees that Franchisor will not, and Franchisor will not permit any other franchisees, to operate a Big Frog outlet in the Territory using the same Marks as licensed to Franchisee in this Agreement so long as Franchisee is not in default under this Agreement or this Agreement has not expired or been terminated and subject to Franchisor’s reservation of rights set forth in Section 3.2 below. Except as otherwise specified in this Agreement, Franchisor reserves the right to open, operate or franchise Big Frog outlets around, bordering and adjacent to the Territory. Franchisee will be selling its products and services from a single location that will be determined by Franchisee with Franchisor’s prior written approval, which may be withheld or denied in Franchisor’s sole discretion. Franchisee is prohibited from selling and soliciting customers through alternative distribution channels as more fully specified herein.

3.2 Reservation of Rights. Franchisee understands and agrees that all rights to any businesses, other than as specified in this Agreement, are fully reserved to Franchisor within or outside of the Territory. By way of example only, Franchisor reserves the rights to offer: (i) other products or services not offered under the Marks, (ii) other custom printing concepts under the Marks or other trademarks, and (iii) products or services through any channel in the Territory other than a dedicated Big Frog outlet, including distribution through larger retail outlets, such as grocery and department stores, catalog sales, and the Internet (“Alternate Distribution Channels”). Franchisee will receive no compensation for Franchisor’s sales through Alternate Distribution Channels made within the Territory. Franchisee agrees that such implementation of Franchisor’s rights pursuant to this Section 3.2 is deemed not to impair or injure Franchisee’s rights pursuant to Section 2 hereof. Franchisor further specifically reserves the right to solicit, sell to, negotiate rates with, and service entities that conduct business across multiple areas or have multiple locations either regionally or nationally, such as corporate marketing departments and national/regional charitable organizations (“Commercial Accounts”). Franchisor may offer Franchisee the right to service Commercial Accounts in the Territory, provided that Franchisee accepts negotiated terms; otherwise, Franchisor may service the Commercial Accounts either directly or permit another franchisee to provide such service. Franchisee will receive no compensation for Franchisor’s sales through Alternate Distribution Channels or declined Commercial Accounts made within the Territory. Franchisee agrees that such implementation of Franchisor’s rights pursuant to this Section 3.2 is deemed not to impair or injure Franchisee’s rights pursuant to Section 2 hereof.

4. TERM. Unless terminated earlier in accordance with the terms set forth in this Agreement, this Agreement and the Franchise granted hereunder shall commence upon the Effective Date set forth above and terminate on the date that is ten (10) years following the Effective Date (the “Term”).

5. RENEWAL OPTIONS. Subject to the terms and conditions of this Agreement, Franchisee shall have the right, but not the obligation, following the expiration of the Term hereof, to enter into a new franchise agreement and other agreements and legal instruments and documents then customarily employed by Franchisor and in the form then generally being offered to prospective franchisees in the state in which the Territory is located (the “Renewal Franchise Agreement”) for two (2) additional terms equal to five (5) years each. The term of such Renewal Franchise Agreement shall commence upon the date of expiration of the immediately preceding term. Franchisee shall be charged a renewal fee equal to Three Thousand Dollars (\$3,000) (“Renewal Fee”).

5.1 Form and Manner of Renewal. If Franchisee desires to exercise Franchisee’s option to enter into a Renewal Franchise Agreement, it shall be done in the following manner:

5.1.1 Not less than six (6) months prior to the expiration of the Term of this Agreement, Franchisee shall request from Franchisor in writing, a copy of Franchisor’s then current Disclosure Document (including Franchisor’s then current franchise agreement).

5.1.2 Franchisee must execute and return to Franchisor all required documents, including any and all ancillary documents, within thirty (30) days after receipt by Franchisee of a copy of Franchisor’s then current Disclosure Document.

5.1.3 The Renewal Franchise Agreement shall supersede this Agreement in all respects, and Franchisee understands and acknowledges that the terms of such new agreement may differ from the terms of this Agreement, including, without limitation, higher or lower royalty and other fees.

5.1.4 If Franchisee fails to perform any of the acts, or deliver any of the notices required pursuant to this Paragraph 5 in a timely fashion, such failure shall be deemed an election by Franchisee not to exercise Franchisee’s option to enter into the Renewal Franchise Agreement, and such failure shall cause Franchisee’s right and option to automatically lapse and expire, without further notice by Franchisor.

5.1.5 Franchisee acknowledges that the initial Term of this Agreement provides Franchisee more than a sufficient opportunity to recoup Franchisee’s investment in the Franchise, as well as a reasonable return on such investment.

5.2 Conditions of Renewal. Franchisee’s right to enter into a Renewal Franchise Agreement is conditioned upon the following:

5.2.1 Franchisee shall be in full compliance with this Agreement and shall have materially performed Franchisee’s obligations under this Agreement, the Manual and under all other agreements that may be in effect between Franchisee and Franchisor, including but not limited to all monetary obligations.

- 5.2.2 Franchisee shall not have committed three (3) or more events constituting default during the Term of this Agreement, whether or not such defaults were cured.
- 5.2.3 Franchisee will have completed any required additional training to Franchisor's reasonable satisfaction.
- 5.2.4 Franchisee shall have obtained the right to continue to occupy the premises of the Franchised Business following the expiration of the Term hereof for the full term of the Renewal Franchise Agreement and/or have received Franchisor's approval regarding locating the Franchised Business at a new location.
- 5.2.5 Franchisee shall execute a general release of all claims Franchisee may have against Big Frog Custom T-Shirts, Inc., its parent, subsidiaries and affiliates, its officers, directors, shareholders, agents, and employees, whether in their corporate and/or individual capacities, in the form attached hereto as Attachment 4. This release will include all claims arising under any federal, state, or local law, rule, or ordinance.
- 5.2.6 Franchisee performs such remodeling, repairs, replacements and redecoration as Franchisor may require in order to cause the Franchised Business premises, equipment, fixtures, furnishings and furniture to conform to the plans and specifications being used for new or remodeled franchised businesses on the renewal date.
- 5.2.7 Franchisee shall pay the required Renewal Fee and sign the Renewal Franchise Agreement.
- 5.3 Notice Required by Law. If applicable law requires Franchisor to give notice to Franchisee prior to the expiration of the Term, this Agreement shall remain in effect on a month-to-month basis until Franchisor has given the notice required by such applicable law. If Franchisor is not offering new Big Frog franchises, is in the process of revising, amending or renewing Franchisor's form of franchise agreement or disclosure document, or Franchisor is not lawfully able to offer Franchisee the then-current form of Renewal Franchise Agreement at the time Franchisee advises Franchisor pursuant to Paragraph 5.2 hereof that Franchisee desires to renew, Franchisor may, in Franchisor's sole discretion, (i) offer to renew this Agreement upon the same terms set forth herein for the appropriate renewal term or (ii) offer to extend the Term hereof on a month-to-month basis following the expiration of the Term for as long as Franchisor deems necessary or appropriate so that Franchisor may lawfully offer the then current form of Renewal Franchise Agreement. Any timeframes specified in this Paragraph 5 shall be inclusive of any state mandated notice periods.
- 5.4 Additional Reservation of Rights. Notwithstanding anything herein to the contrary, Franchisor reserves the right not to renew this Franchise as a result of a decision to withdraw from the Territory in which Franchisee's Franchised Business is located.

6. FEES

6.1 Initial Franchise and Royalty Fee. As part of the consideration for the right to operate the Franchise granted herein, Franchisee shall pay to Franchisor the following fees:

6.1.1 Initial Franchise Fee. Franchisee acknowledges and agrees that the grant of this Franchise and the rights and obligations of the parties under this Agreement constitute the sole and only consideration for the initial franchise fee of Thirty Nine Thousand Five Hundred Dollars (\$39,500), or Thirteen Thousand Five Hundred Dollars (\$13,500) for an Express Store (the “Initial Fee”). **The Initial Fee is fully earned at the time this Franchise Agreement is signed and is not refundable under any circumstances.** Notwithstanding the foregoing, if Franchisor withdraws its grant of franchise prior to the Opening Date as defined in Section 8.3, Franchisor shall refund seventy-five percent (75%) of the Initial Fee to Franchisee. Franchisee shall pay the full amount of the Initial Fee to Franchisor upon Franchisee’s execution of this Agreement.

6.1.2 Royalty Fee. Franchisee agrees to pay Franchisor, monthly and throughout the Term, a royalty fee equal to six percent (6%) of the Gross Revenue, as hereinafter defined, realized from the Franchised Business and from any other revenues received using Franchisor’s methods, operations and/or trade secrets, with a minimum payment of Twelve Hundred Dollars (\$1200.00) per month (the “Royalty Fee”). Franchisor shall not impose the minimum payment during the first six (6) months that Franchisee is open for business to the public. The term “Gross Revenue” includes all revenues and income from any source derived or received by Franchisee from, through, by or on account of the operation of the Franchised Business or made pursuant to the rights granted hereunder, including but not limited, any and all other revenues received using Franchisor’s methods, operations and/or trade secrets whether received in cash, in services, in kind, from barter and/or exchange, on credit (whether or not payment is actually received) or otherwise. It does not include (i) any sales tax or similar taxes collected from customers and turned over to the governmental authority imposing the tax, (ii) properly documented refunds to customers, or (iii) properly documented promotional discounts (i.e. coupons). Gross Revenue does not include gift card purchases, at the time of purchase, but Gross Revenue does include the redemption amount of purchases made by gift card.

6.1.3 Gross Revenue Reports. Franchisee shall, no later than the tenth (10th) day of each month throughout the Term, furnish Franchisor with a report showing Franchisee’s Gross Revenue at or from the Franchised Business and/or made pursuant to the rights granted hereunder during the immediately preceding business week (Monday through Sunday) (the “Gross Revenue Report”). The Gross Revenue Report shall be in such form and shall contain such information as Franchisor may from time to time prescribe. Franchisor reserves the right to establish a point of sale system (“POS System”) that Franchisor may require Franchisee to use in the operation of the Franchised Business. At Franchisor’s option, Franchisee shall submit the Gross

Revenue Report by an electronic transfer of data via the POS System at the times and interims then specified by Franchisor.

- 6.1.4 Method of Payment. Franchisee shall, no later than the tenth (10th) day of each month throughout the Term, pay Franchisor the Royalty Fee and the Brand Fund Contribution, as defined and more particularly described in Article 13, then due for Gross Revenues realized during the immediately preceding month. At Franchisor's request, Franchisee must execute documents, including but not limited to, the Authorization attached as Attachment 5, that allow Franchisor to automatically take the Royalty Fee and Brand Fund Contribution due as well as other sums due Franchisor, from business bank accounts via electronic funds transfers or Automated Clearing House ("ACH") payments. Franchisee's failure to allow electronic funds transfers or ACH payments on an ongoing basis is a material breach of this Agreement. If Franchisee fails to timely report Gross Revenue, then, in addition to a late fee and interest pursuant to Sections 6.2 and 6.3 hereof, Franchisor shall collect one hundred twenty percent (120%) of the last Royalty Fee payable. Franchisor shall reconcile amounts when Gross Revenues are reported. Franchisor reserves the right to modify the method and frequency of collection of the Royalty Fee and Brand Fund Contribution upon forty-five (45) days' prior notice to Franchisee.
- 6.2 Late Fee. If the Royalty Fee, Brand Fund Contribution, other amounts due, or any Gross Revenue Reports are not received by Franchisor as required by this Agreement, Franchisee shall pay to Franchisor, in addition to the overdue amount, a late fee of ten percent (10%) of the overdue amount. This late fee is reasonably related to Franchisor's costs resulting from the delay in payment and/or receipt of any report, is not a penalty, and is in addition to any other remedy available to Franchisor under this Agreement for Franchisee's failure to pay the Royalty Fee, the Brand Fund Contribution, other amounts due and/or submit Gross Revenue Reports in accordance with the terms of this Agreement.
- 6.3 Interest. Any and all amounts that shall become due and owing from Franchisee to Franchisor under the terms hereof shall bear interest from the date due until paid at the rate of eighteen percent (18%) per annum or at the highest rate permitted by law, whichever is lower.
- 6.4 Technology Fee. Franchisor reserves the right to impose a technology fee upon Franchisee, in an amount that Franchisor reasonably determines, for the development, adoption and/or use of new or improved technology for the benefit of the System and Franchised Business, including but not limited to, assigned phone numbers and email addresses required for use in the Franchised Business, a franchise portal, benchmarking platform or other operations or communications systems ("Technology Fee"). In Franchisor's sole discretion, Franchisor may (i) increase the amount of the technology fees or (ii) replace the technology with different technology, developed by Franchisor or a third-party, and Franchisee shall pay the then-current fees for the replacement technology and for continuous access thereto. Franchisee shall pay the Technology Fee in the manner and frequency as reasonably determined by Franchisor.

- 6.5 Non-Sufficient Funds Fee. In the event any of Franchisee's checks are returned, or an electronic funds transfer from Franchisee's bank account is denied, for insufficient funds, Franchisee shall pay Franchisor, in addition to the amount due, a non-sufficient funds fee of One Hundred Dollars (\$100.00) per occurrence. This non-sufficient funds fee is reasonably related to Franchisor's costs resulting from the delayed and declined payment, is not a penalty, and is in addition to any other remedy available to Franchisor under this Agreement.
- 6.6 Taxes. If any sales, excise, use or privilege tax is imposed or levied by any government or governmental agency on Franchisor for any Royalty Fee, Brand Fund Contribution or other fees due and payable to Franchisor under this Agreement, Franchisee shall pay Franchisor a sum equal to the amount of such tax.

7. TRAINING.

- 7.1 Initial Management Training Program. Franchisee (specifically including all Franchisee's principals) shall attend and complete to Franchisor's sole and absolute satisfaction, Franchisor's initial management training program ("Initial Management Training Program") at least two (2) weeks (but no more than six (6)) weeks, prior to the opening of the Franchised Business. The Initial Management Training Program consists of a course conducted at Franchisor's headquarters and/or affiliated outlet and on-site training at the Franchised Business location as well as at a Big Frog outlet designated as a "Center of Excellence". Franchisor reserves the right to designate an alternate location for the Initial Management Training Program. Franchisee must at all times during the term of this Agreement have Principal(s) and approved manager who have successfully completed the Initial Management Training Program to Franchisor's sole and complete satisfaction. No charge shall be made for up to two (2) individuals to take the Initial Management Training Program prior to opening the Franchised Business ("Initial Trainees"). Notwithstanding the foregoing, Franchisee shall be required to pay all of the expenses of the Initial Trainees, including, without limitation, costs of travel, lodging, meals and wages.
- 7.2 Satisfactory Completion. Franchisor shall determine, in Franchisor's sole discretion, whether the Initial Trainees have satisfactorily completed the Initial Management Training Program. If the Initial Management Training Program is not satisfactorily completed or if Franchisor, in Franchisor's reasonable business judgment based upon the performance of the Initial Trainees, determines that the Initial Management Training Program cannot be satisfactorily completed by Franchisee or the Principal(s), Franchisor may terminate this Agreement.
- 7.3 Opening Assistance. Within five (5) days of the opening of the Franchised Business, Franchisor shall provide Franchisee with opening assistance by a trained representative of Franchisor. The trainer will provide on-site opening training, supervision, and assistance to Franchisee for up to four (4) days at no charge to Franchisee.

- 7.4. Additional Training. Franchisor may offer mandatory and/or optional additional training programs from time to time. If required by Franchisor, Franchisee, or Franchisee's principals shall participate in additional training programs for up to five (5) days per year, at a location designated by Franchisor, which may include a national business meeting or annual convention. Franchisor reserves the right to impose a reasonable fee for all additional training programs. Franchisee shall be responsible for any and all incidental expenses incurred by Franchisee or Franchisee's personnel in connection with additional training or attendance at Franchisor's national business meeting or annual convention, including, without limitation, costs of travel, lodging, meals and wages. Franchisee's failure to attend and/or complete mandatory additional training or failure to attend Franchisor's national business meeting or annual convention is a default of this Agreement. Franchisee or Franchisee's principal(s) shall be required to obtain any missed mandatory additional training at a location Franchisor designates. Franchisee shall pay all costs and expenses for such additional training, including but not limited to, tuition at the then-current rate and any and all transportation, meals and lodging of Franchisee, Franchisee's principal and Franchisor's training personnel. Franchisee shall pay to Franchisor any incurred expenses by Franchisor's training personnel within ten (10) days of Franchisor's billing thereof to Franchisee.
- 7.5. On-Site Remedial Training. Upon Franchisee's reasonable request or as Franchisor shall deem appropriate, Franchisor shall, during the term hereof, subject to the availability of personnel, provide Franchisee with additional trained representatives who shall provide on-site remedial training and assistance to Franchisee's personnel at the Franchised Business location. For any additional on-site training and assistance, Franchisee shall pay the per diem fee then being charged to franchisees under the System for the services of such trained representatives, plus their costs of travel, lodging, and meals.
- 7.6. Counseling and Assistance. In addition to visits by Franchisor's field representatives, as Franchisor deems appropriate, Franchisor shall, within reasonable limits and subject to the availability of Franchisor's personnel, upon Franchisee's request and at no charge, unless such assistance is provided at the Franchised Business pursuant to Section 7.5, furnish consultation and assistance to Franchisee, either in person or by telephone, electronic mail or video conferencing, as determined by Franchisor, in Franchisor's sole discretion, with respect to the operation of the Franchised Business, including consultation and advice regarding employee training, marketing, operation issues, purchasing and inventory control, bookkeeping and System improvements.

8. FRANCHISED LOCATION REQUIREMENTS

8.1 Site Selection.

- 8.1.1 Franchisee assumes all cost, liability, expense and responsibility for obtaining and developing a site for the Franchised Business within the Territory and for constructing and equipping the Franchised Business at such site. Franchisee shall not make any binding commitment to a prospective vendor or lessor of real estate with respect to a site for the Franchised Business unless the site location is approved by Franchisor. While Franchisor may render assistance to Franchisee in the selection of

a site, as set forth in Section 8.1.2 below, Franchisee has sole responsibility for procuring and developing a site for the Franchised Business and Franchisee may and is encouraged to consult with professionals of Franchisee's choosing in discharging such responsibility, provided that Franchisor reserves the right to approve Franchisee's real estate broker. Franchisee acknowledges that Franchisor's approval of a prospective site location is permission only, does not constitute a representation, promise, warranty or guarantee, express or implied, by Franchisor that the Franchised Business operated at that site will be profitable or otherwise successful, and cannot, and does not, create a liability for Franchisor. Franchisee releases Franchisor from any claims over the site location selection and evaluation by Franchisor, and Franchisee shall hold Franchisor harmless with respect to Franchisee's selection of the site for the Franchisee's Franchised Business.

- 8.1.2 Franchisee shall locate a site that satisfies the site selection guidelines provided to Franchisee by Franchisor and shall submit to Franchisor, in writing, a description of the site, together with written certification the site complies with Franchisor's site selection guidelines, and such other information and materials as Franchisor may reasonably require no later than ninety (90) days after the execution of this Agreement. Franchisor shall have twenty (20) business days after receipt of this information and materials to consent, in its sole and absolute discretion, to the proposed site as the location for the Franchised Business. If Franchisor fails to respond to Franchisee's submission within twenty (20) business days, such proposed site shall be deemed "disapproved". No site may be used for the location of the Franchised Business unless it is consented to by Franchisor.
- 8.1.3 Within thirty (30) days after Franchisor has consented to the site for the Franchised Business (or such longer period as Franchisor consents to in writing), Franchisee shall execute a lease therefor and obtain physical possession of the premises. Franchisee agrees to deliver copies of the proposed lease agreement and related documents to Franchisor prior to signing. Franchisee agrees not to sign any lease agreement or related document (or any renewal thereof) unless Franchisee obtains Franchisor's prior written approval, which shall not be unreasonably withheld and will be limited to ensuring that the lease is consistent with this Agreement. Any lease must include Franchisor's Collateral Assignment of Lease Agreement, a copy of which is attached hereto as Attachment 6. If Franchisor approves the lease, Franchisee agrees to deliver a copy of the signed lease to Franchisor within five (5) days of its execution. Failure by Franchisee to acquire the site for the Franchised Business within the time and in the manner required herein shall constitute a material event of default under this Agreement.
- 8.1.4 Upon consent by Franchisor to the location for the Franchised Business, Franchisor shall set forth the location and Territory in Attachment 3 of this Agreement and shall provide a copy thereof to Franchisee. Attachment 3, as completed by Franchisor, shall be incorporated herein and made a part hereof. Franchisee shall notify Franchisor within fifteen (15) days of any error or rejection of Attachment 3; otherwise, the Attachment 3 provided to Franchisee shall be deemed final.

8.2 Construction.

- 8.2.1 Franchisee shall be responsible for obtaining clearances that may be required by state or local laws, ordinances or regulations or that may be necessary as a result of any restrictive covenants relating to the Franchised Business location. Prior to beginning the construction of the Franchised Business, Franchisee shall (a) obtain all permits, licenses, insurance and certifications required for the lawful construction or remodeling and operation of the Franchised Business, including permits for the installation of signage, and (b) certify in writing to Franchisor that all required approvals, clearances, permits, insurance and certifications have been obtained.
- 8.2.2 Franchisee must obtain all architectural, engineering, design, fabrication and installation services necessary for the construction and/or remodeling of the Franchised Business, including the installation of signage, at its own expense from vendor(s) designated or otherwise approved in writing by Franchisor. Franchisor shall provide layout and design guidance to Franchisee, as Franchisor deems appropriate. Franchisee acknowledges that Franchisor's or its representative's review of construction plans relates only to compliance with the System and that acceptance by Franchisor of such plans does not constitute a representation, warranty, or guarantee, express or implied, by Franchisor or its representative, including, but not limited to, any representation, warranty or guarantee that such plans are accurate or free of error, concerning their design or structural application.
- 8.2.3 During the time of construction or remodeling, Franchisee shall provide Franchisor, or its designated representative, with such periodic reports regarding the progress in obtaining all licenses and permits and of the construction or remodeling as may be reasonably requested by Franchisor or its representative. In addition, Franchisor or its representative may make such on-site inspections as it may deem reasonably necessary to evaluate such progress. At least thirty (30) days prior to completion of the construction or remodeling, Franchisee shall notify Franchisor of the scheduled date for completion of construction or remodeling. Within a reasonable time after the date of completion of construction or remodeling, Franchisor or its representative may, at its option, conduct an inspection of the completed Franchised Business site.
- 8.2.4 Franchisee acknowledges and agrees that it will not open the Franchised Business for business without the authorization of Franchisor and that authorization to open shall be conditioned upon Franchisee's strict compliance with this Agreement.

- 8.3 Time to Open. Franchisee acknowledges that time is of the essence in this Agreement. Subject to Franchisee's compliance with the conditions stated below, Franchisee shall open the Franchised Business and commence business within ninety (90) days after Franchisee has received possession of the premises, unless Franchisee obtains a written extension of such time period from Franchisor. The date the Franchised Business opens for business to the public shall be defined herein as the "Opening Date". Prior to the Opening Date, Franchisee shall (i) complete all exterior and interior preparations for the Franchised Business, including installation and cleaning of equipment, fixtures,

furnishings, décor and signs, in accordance with System requirements and the plans and specifications consented to by Franchisor, (ii) satisfactorily complete Franchisor's Initial Management Training Program, as further set forth in Article 7, (iii) hire and train staff, (iv) obtain all required licenses to operate the Franchised Business, (v) purchase and stock initial inventory, and (vi) obtain all required insurance and provide Franchisor with certificates therefor. If Franchisee fails to comply with any of such obligations, Franchisor shall have the right to prohibit Franchisee from opening for business. Franchisee's failure to open the Franchised Business and commence business (i) in accordance with the foregoing and (ii) within twelve (12) months following the Effective Date of this Agreement, as may be extended by Franchisor in Franchisor's sole discretion, shall be deemed a material event of default under this Agreement.

- 8.4 No Relocation. Franchisee's rights to operate the Franchised Business shall be limited to the Territory and business address set forth in Attachment 3, and no other. Franchisee shall not relocate the premises of the Franchised Business at any time without Franchisor's written approval, which approval shall be granted only in the sole and complete discretion of Franchisor, and, if permitted, shall be at Franchisee's sole expense. In the event such permission is granted, (i) Franchisee shall pay Franchisor, upon Franchisee's consent a relocation fee equal to One Thousand Five Hundred Dollars (\$1,500.00) ("Relocation Fee"), (ii) Franchisee shall secure and outfit the replacement premises in accordance with Sections 8.1 and 8.2 within ninety (90) days of Franchisor's consent, (iii) if feasible, Franchisee shall continue to operate at the original premises during the construction of the replacement premises, (iv) upon relocation, Franchisee shall remove any signs or other property from the original Franchised Business premises which identified the original Franchised Business premises as part of the System, and (v) the parties shall amend Attachment 3 to reflect the address of the new Franchised Business premises. Failure to comply with the foregoing requirements shall be a default of this Agreement.

9. Maintenance and IMPROVEMENT OF THE FRANCHISED LOCATION AND SYSTEM

- 9.1 Maintenance of Franchised Business Location. Franchisee shall equip and maintain the Franchised Business location to the standards of décor, sanitation, repair and condition required by Franchisor, which standards are specified in the Manual and other written directives, standards and specifications. Franchisee, at Franchisee's expense, shall make such additions, alterations, repairs, refurbishing and replacements as may be required to comply with Franchisor's standards, including, without limitation, periodic repainting and repairs or replacement of worn or impaired décor, materials, furniture, fixtures, equipment, and signage as Franchisor may direct.
- 9.2 Inspections. Franchisee shall operate and maintain the Franchised Business and Franchised Business location in conformance with all regulations and best practices for full-service retail printing operations and in a manner that will ensure the highest rating possible for businesses of like kind from the governmental authorities that may inspect such businesses in the Territory. Franchisee shall submit to Franchisor a copy of any inspection reports. It shall be a default of this Agreement if, upon inspection, Franchisee

does not obtain such rating or if Franchisee fails to operate in accordance with the general standards of quality, maintenance, repairs and sanitation required by the System, and Franchisor may, at its option, terminate this Agreement.

9.3 Equipment and Technology Updates. Franchisee shall make any and all upgrades to equipment, including but not limited to, design, display and storage equipment, POS Systems, and computer hardware and software, and any technology used in conjunction therewith, as Franchisor requires in its sole and absolute discretion.

9.4 Trade Dress Modifications.

9.4.1 Franchisee is aware that to maintain and improve the image and reputation of the System, Franchisor, in its sole and absolute discretion, may change and modify identifying elements of the System, including but not limited to, the adoption and use of new exterior building designs, new interior decors, new color schemes, new or modified marks, and new furnishings (collectively, “Trade Dress Modifications”).

9.4.2 At Franchisor’s request, no more than once in a five (5)-year period, Franchisee shall refurbish the Franchised Business location at Franchisee’s sole expense, as required by Franchisor, to conform to Trade Dress Modifications. This includes, without limitation, structural changes, remodeling, redecoration, and modifications to existing improvements. Notwithstanding the foregoing restriction on the frequency of Trade Dress Modifications, Franchisee, upon notice by Franchisor and in accordance with Section 14.6 hereof, shall immediately discontinue the use of any Mark that is no longer desirable or available to Franchisor and substitute a different Mark or Marks as Franchisor directs.

9.4.3 Franchisee will accept, use and display any such Trade Dress Modifications as if they were a part of this Franchise Agreement at the time of execution hereof.

9.5 No Liability/Waiver of Claims. Franchisor shall not be liable to Franchisee for any expenses, losses or damages sustained by Franchisee as a result of any of the modifications, including Trade Dress Modifications, required by this Article 9. Franchisee hereby covenants not to commence or join in any litigation or other proceeding against Franchisor or any third party, complaining of any such or seeking expenses, losses or damages caused thereby. Further, Franchisee expressly waives any claims, demands or damages arising from or related to the modifications contemplated by this Article 9, including, without limitation, any claim of breach of contract, breach of fiduciary duty, fraud, and/or breach of the implied covenant of good faith and fair dealing.

9.6 Franchisee Advisory Council. Franchisor reserves the right to create (and if created, the right to change or dissolve) a franchisee advisory council as a formal means for System franchisees to communicate ideas. In the event a franchisee advisory council is created, Franchisor may invite Franchisee to participate in council-related activities and meetings,

which invitation may be based on a franchisee's level of success, superior performance and profitability.

10. FRANCHISOR'S OBLIGATIONS

Franchisor and/or its designated representative will provide the services described below:

- 10.1 Site Selection Guidelines. Site selection criteria, as Franchisor may deem advisable. Franchisor shall also approve Franchisee's real estate broker in accordance with Section 8.1.1 and the site in accordance with Section 8.1.2.
- 10.2 Construction. Provide to Franchisee criteria and specifications for a Big Frog outlet. Such criteria and specifications include, but are not necessarily limited to, criteria with respect to required layout, interior décor and signage. Franchisee shall independently, and at Franchisee's expense, have such criteria and specifications incorporated into the construction of the Franchised Business in accordance with Article 8.
- 10.3 Manual. Provide Franchisee access to the Confidential Operations Manual and such other manuals and written materials as Franchisor may hereafter develop for use by franchisees, as the same may be revised by Franchisor from time to time. Such documents may be provided electronically or via the Internet, at Franchisor's sole and absolute discretion.
- 10.4 Inspection. Inspection of the Franchised Business and evaluations of the products sold and services rendered therein whenever reasonably determined by Franchisor.
- 10.5 Pre-Opening Requirements. Provide a written list of equipment, fixtures, furnishings, signage, supplies and products that will be required and/or recommended to open the Franchised Business for business.
- 10.6 Advertising Materials. Provide samples or digital artwork of certain advertising and promotional materials and information developed by Franchisor from time to time for use by Franchisee in marketing and conducting local advertising for the Franchised Business.
- 10.7 List of Suppliers. Make available from time to time, and amend as deemed appropriate by Franchisor, a list of approved and/or recommended suppliers of products and services for System franchisees.
- 10.8 Training. The training programs specified in Article 7 herein.
- 10.9 On-Site Assistance. On-site post-opening assistance at the Franchised Business location in accordance with the provisions of Article 7.
- 10.10 Brand Fund. Administer a Brand Fund in accordance with Section 13.3.

11. FRANCHISEE’S REPRESENTATIONS, WARRANTIES AND COVENANTS

- 11.1 Best Efforts. Franchisee, including each of Franchisee’s Principals covenants and agrees that he or she shall make all commercially reasonable efforts to operate the Franchised Business so as to achieve optimum sales.
- 11.2 Corporate Representations. If Franchisee is a corporation, partnership, limited liability company, or other legal entity, Franchisee and each Principal represent, warrant and covenant that:
 - 11.2.1 Franchisee is duly organized and validly existing under the state law of its formation;
 - 11.2.2 Franchisee is duly qualified and is authorized to do business in the jurisdiction of the Franchised Business location and the Territory;
 - 11.2.3 Franchisee’s organizational documents shall at all times provide that the activities of Franchisee are confined exclusively to the operation of the Franchise granted herein, unless otherwise consented to in writing by Franchisor, which consent may be withheld by Franchisor in Franchisor’s sole discretion;
 - 11.2.4 The execution of this Agreement and the consummation of the transactions contemplated hereby are within Franchisee’s power and have been duly authorized by Franchisee;
 - 11.2.5 Any financial statements and tax returns provided to Franchisor shall be certified as true, complete and correct and shall have been prepared in conformity with generally accepted accounting principles applicable to the respective periods involved and, except as expressly described in the applicable notes, applied on a consistent basis. No material liabilities, adverse claims, commitments or obligations of any nature exist as of the date of the statements or returns, whether accrued, unliquidated, absolute, contingent or otherwise, that are not reflected as liabilities; and
- 11.3 If any Franchisee Principal is a married individual and the Principal’s spouse has not executed this Agreement, such Principal shall cause his or her spouse to personally execute and bind himself or herself to the terms of a Guaranty, in the form attached as Attachment 9 hereof.
- 11.4 Appointment of Manager.
 - 11.4.1 Franchisee shall designate and retain at all times a general manager (“General Manager”) to direct the operation and management of the Franchised Business Location. Franchisee shall designate its General Manager prior to attending the Initial Management Training Program. The General Manager shall be responsible

for the daily operation of the Franchised Business location. Unless otherwise permitted by Franchisor, the General Manager shall be, Franchisee, if Franchisee is an individual, or a Principal.

11.4.2 The General Manager shall, during the entire period he or she serves as General Manager, meet the following qualifications:

11.4.2.1 The General Manager shall meet Franchisor's standards and criteria for such individual, as set forth in the Manual or otherwise in writing by Franchisor and shall be an individual otherwise acceptable to Franchisor in its sole discretion.

11.4.2.2 The General Manager shall devote his or her full time and best efforts to the supervision and management of the Franchised Business and may not engage in any other business activity without the Franchisor's consent, which may be withheld in Franchisor's sole discretion.

11.4.2.3 The General Manager shall satisfy the training requirements set forth in Article 7.

11.4.3 If the General Manager is not able to continue to serve in such capacity, or no longer qualifies to act as such in accordance with this Agreement, Franchisee shall promptly notify Franchisor and designate a replacement within thirty (30) days after the General Manager ceases to serve, such replacement being subject to the same qualifications required by this Agreement (including, but not limited to, completing all training and obtaining all certifications required by Franchisor). Until such replacement is designated, Franchisee shall provide for interim management of the Franchised Business, who shall act in accordance with the terms of this Agreement. Any failure to comply with the requirements of this Section shall be deemed a material event of default under this Agreement. Franchisor, in its sole discretion, may provide interim management at Franchisor's then-current interim management support fee, plus any and all costs of travel, lodging, meals and other expenses reasonably incurred by Franchisor, which shall be withdrawn from Franchisee's designated bank account in accordance with Section 6.1.4.

11.5 Legal Compliance. Franchisee shall comply with all federal, state and local laws, rules and regulations and shall timely obtain any and all permits, certificates or licenses necessary for the full and proper conduct of the Franchised Business. Such laws, rules and regulations shall include, without limitation, licenses to do business, health and sanitation inspections, if required, fictitious name registrations, sales and other tax permits, fire and police department clearances, Americans With Disability Act compliance, certificates of occupancy, any permits, certificates or licenses required by any environmental federal, state or local law, rule or regulation and any other requirement, rule, law or regulation of any federal, state or local jurisdiction.

- 11.6 Claims and Potential Claims. Franchisee shall notify Franchisor in writing within three (3) days of any incident or injury that could lead to, or the actual commencement of any action, suit or proceeding and of the issuance of any order, writ, injunction, award or decree of any court, agency or other governmental instrumentality, which in any way relating to or affecting the operation or financial condition of the Franchised Business. Any and all media inquiries concerning the Franchised Business or Franchised Business location, including, but not limited to, the business operation and incidents and occurrences related to a customer or employee, shall be referred to Franchisor. Neither Franchisee, Franchisee's employees nor anyone on Franchisee's behalf may comment to any broadcast medium, except as directed by Franchisor.
- 11.7 Assignment of Numbers and Listings. Franchisee shall execute such forms and documents included in Attachment 7 to appoint Franchisor its true and lawful attorney-in-fact, with full power and authority, for the sole purpose of assigning to Franchisor, Franchisee's telephone numbers, listings, and passwords and administrator rights for all email and social media accounts used or created by Franchisee. Upon the expiration or termination of this Agreement, Franchisor may exercise its authority, pursuant to such documents, to obtain any and all of Franchisee's rights to the telephone numbers of the Franchised Business and all related telephone directory listings and other business listings, and all Internet listings, domain names, Internet advertising, websites, listings with search engines, electronic mail addresses, social media, or any other similar listing or usages related to the Franchised Business.
- 11.8 Access to Tax Filings. Upon execution of this Agreement, and at any time thereafter upon Franchisor's request, Franchisee shall execute such forms and documents as Franchisor deems necessary, to appoint Franchisor its true and lawful attorney-in-fact with full power and authority, for the sole purpose of obtaining any and all tax returns and reports related to the Franchised Business filed by Franchisee with any state or federal taxing authority.
- 11.9 Continuing Obligation. Franchisee and each Principal acknowledge and agree that the representations, warranties and covenants set forth in this Article 11 are continuing obligations of Franchisee and each Principal, as applicable, and that any failure to comply with such representations, warranties and covenants shall constitute a material event of default under this Agreement. Franchisee and each Principal shall cooperate with Franchisor in any efforts made by Franchisor to verify compliance with such representations, warranties and covenants.

12. FRANCHISEE'S OPERATIONS

- 12.1 Operation of Franchised Business Location. In order to maintain the highest degree of quality and service on a uniform System-wide basis, Franchisee shall operate the Franchised Business in conformity with the methods, standards and specifications prescribed by Franchisor. Franchisee agrees to comply with the Manual, as it is modified from time to time, and all directives, rules and procedures specified by Franchisor, and will, among other things:

- 12.1.1 Use only those furnishings, fixtures, décor, equipment, supplies and signage and stock only that inventory that conform with Franchisor's specifications and/or which shall be purchased from only those vendors designated and approved by Franchisor;
- 12.1.2 Maintain and operate the Franchised Business location in attractive condition and good repair, using Franchisee's best efforts to maintain a clean and inviting atmosphere therein in accordance with System standards, the Manual and all other directives and requirements of Franchisor, and do such redecoration, repairing, refurbishing and restoration as from time to time may be reasonably required to meet System standards and Franchisor's requirements as they may be modified from time to time;
- 12.1.3 Procure the necessary licenses or permits to allow the operation of a full-service retail printing business in accordance with the System and to comply with all applicable governmental laws, ordinances, rules and regulations including those related to health and sanitation;
- 12.1.4 Maintain sufficient inventories of supplies and merchandise held for resale, as prescribed by Franchisor;
- 12.1.5 Conduct sales in accordance with Franchisor's standards and specifications. Franchisee acknowledges and accepts that Franchisee may only engage in providing printed apparel and specialty products to end-consumers. Franchisee is expressly prohibited from selling products or services outside of the Franchised Business location, on the Internet, to dealers and/or distributors for subsequent resale, and engaging in such sales shall be a material default of this Agreement;
- 12.1.6 Employ only qualified individuals who are trained in accordance with Franchisor's standards, including but not limited to the protection of Franchisor's confidential and proprietary information, and who will at all times enhance Franchisor's brand and conduct themselves in a competent and courteous manner in accordance with this Agreement and the image and reputation of the System. Franchisee shall use its best efforts to ensure that Franchisee's employees maintain a neat and clean appearance, in accordance with the dress code outlined in the Manual and render competent and courteous service to patrons of the Franchised Business. Franchisee acknowledges and agrees that poorly trained employees, sloppy or unclean appearances and incompetent or discourteous service are extremely damaging to the goodwill of the System and the Marks and are a material default of this Agreement;
- 12.1.7 Permit Franchisor or its agents, to inspect the Franchised Business location and any services, products or equipment, to determine whether they meet Franchisor's then-current standards, specifications and requirements. In addition to any other remedies Franchisor may have, Franchisee shall reimburse Franchisor for

Franchisor's inspection costs of any item that does not conform to the System standards and specifications;

- 12.1.8 Prominently display signs in and upon the Franchised Business location using the Marks and/or other advertising and/or signs of such nature, form, color, number, location and size, and containing such material, as Franchisor may from time to time reasonably direct or approve in writing; and to not display in or upon the Franchised Business location or elsewhere any sign or advertising media or interior décor of any kind to which Franchisor reasonably objects, including signs, advertising media or interior décor which are outdated. Upon giving Franchisee notice of its objection to same or upon termination hereof, Franchisor may at any time enter upon the Franchised Business location or elsewhere and remove any objectionable or non-approved signs, advertising media or interior décor and keep or destroy same without paying therefor or without being deemed guilty of trespass or any other tort;
- 12.1.9 Conduct all advertising programs in a manner consistent with Franchisor's standards and specifications, in a manner satisfactory to Franchisor and that will not detract from the reputation of the System or the Marks.
- 12.1.10 Accept and honor all loyalty cards, promotional coupons, or other System-wide offers, on a uniform basis, as accepted by other franchisees in the System.

12.2 Bookkeeping and Reports.

- 12.2.1 Franchisee agrees to keep and maintain complete and accurate books and records of its transactions and business operations using the accounting procedures specified by Franchisor. Franchisee agrees to purchase the computer systems specified in Section 12.3 to maintain the records and accounts of the Franchisee to the standards of the Franchisor.
- 12.2.2 Within thirty (30) days after the close of each calendar quarter and within ninety (90) days after the close of each fiscal year, Franchisee will furnish Franchisor a full and complete written statement of income and expense and a profit and loss statement for the operation of the Franchised Business during said period, together with a balance sheet for the Franchised Business, all of which shall be prepared in accordance with generally accepted accounting principles and practice. Franchisee's annual statements and balance sheets shall be prepared by an independent certified public accountant and certified to be correct.
- 12.2.3 The financial statements required hereunder shall be in such form and contain such information as Franchisor may from time to time reasonably designate.
- 12.2.4 Franchisor reserves the right to require Franchisee to engage the services of a third-party accounting services firm, designated and approved by Franchisor, in the event

that (i) Franchisee fails to keep books and records in accordance with Franchisor's standards or (ii) Franchisor, in its sole discretion, determines that use of a third-party accounting services firm by all System franchisees is beneficial to the System.

- 12.2.5 Franchisor shall have the right at all reasonable times to examine, at its expense, the books and financial records of Franchisee and Franchisee's Principals, including purchasing records, advertising and marketing records and expenditures, sales and income tax records, and the records of any additional related or unrelated business holdings or operations of Franchisee or Franchisee's Principals. If Franchisor's examination finds an understatement of any Gross Revenue Report, Franchisee shall pay Franchisor the amounts due together with interest thereon at the rate provided herein, and if understated by two percent (2%) or more, Franchisee shall reimburse Franchisor for the cost of such examination. Such understatement may be considered a material default hereunder. Two (2) such understatements during the term of this Agreement may, at the option of Franchisor, be considered an incurable default and thereby subject to termination as provided herein.

12.3 Computer Systems.

- 12.3.1 Franchisee, at Franchisee's sole expense, shall install and maintain the POS System and computer hardware and software Franchisor requires for the operation of the Franchised Business and shall follow the procedures related thereto that Franchisor specifies in the Manual or otherwise in writing.
- 12.3.2 Franchisor may require Franchisee, at Franchisee's sole expense, to install and maintain systems and web-based payment processing accounts that permit Franchisor to independently and electronically access and retrieve any information stored in Franchisee's POS System, other computer systems and web-based payment processing accounts, including, without limitation, information concerning Gross Revenue. Upon Franchisor's request, Franchisee shall execute such documents as Franchisor deems necessary to permit Franchisor to independently and electronically access and retrieve all information stored on Franchisee's POS System, other computer systems and web-based payment processing accounts.
- 12.3.3 Any and all customer data collected or provided by Franchisee, retrieved from Franchisee's POS System, or otherwise collected from Franchisee by Franchisor or provided to Franchisor, is and will be owned exclusively by Franchisor and will be considered to be Franchisor's proprietary and Confidential Information. Franchisor has the right to use such data in any manner without compensation to Franchisee. Franchisor licenses to Franchisee the use of such data solely for the purpose of operating the Franchised Business; provided that, this license shall automatically and irrevocably terminate, without any additional action or notice required by Franchisor, upon the expiration or earlier termination of this Agreement.

- 12.3.4 Franchisor may require Franchisee, at Franchisee's sole expense, to enter into software license agreements in the form that Franchisor requires for software Franchisor develops or acquires for use in the System.
- 12.3.5 Franchisee shall have and maintain adequate hardware and software in order to access the Internet at the speed required by Franchisor from time to time. Franchisee shall use the electronic mail account provided by Franchisor. Franchisee shall promptly read and respond to all electronic mail related to the Franchised Business no less often than on a daily basis and shall accept and acknowledge receipt of all electronic mail sent by Franchisor. Franchisee shall not establish any website or other listing on the Internet except as provided and specifically permitted herein.
- 12.3.6 Franchisor has established a website that provides information about the System and the products and services offered by the Big Frog brand (the "Website"). Franchisor has sole discretion and control over the Website. Franchisor shall include links on its Website to Franchisee's Franchised Business location and contact information. Franchisee has no ownership or other proprietary rights to Franchisor's website and Franchisee will lose all rights to such listing of Franchisee's location upon expiration or termination of this Agreement for any reason.
- 12.3.7 In addition to the requirements of Section 6.4, Franchisee shall pay all fees and expenses for technology required by this Agreement, including but not limited to, the costs of computer hardware and software and applications, installation costs and regularly recurring fees for software, Internet access, license fees, help desk fees, and licensing or user-based fees.
- 12.3.8 Franchisee is solely responsible for maintaining the security and integrity of the computer and payment processing systems used in the Franchised Business and the customer and other data stored therein. Franchisee, at Franchisee's sole cost and expense, shall implement all computer hardware, software and Internet security procedures, including required updates or upgrades thereto, that are reasonably necessary to protect Franchisee's computer and payment processing systems and the data stored therein from viruses, malware, privacy breaches or other unauthorized access.
- 12.4 Safety and Security of Premises. Franchisee is solely responsible for the safety and security of the Franchised Business location for Franchisee, Franchisee's personnel, customers, agents and the general public. Any suggestions by Franchisor on such matters are for guidance only and not binding on Franchisee. All matters of safety and security are within Franchisee's discretion and control, and Franchisee's indemnification obligations set forth in Section 15.6 hereof shall apply to any claims made against Franchisor regarding safety or security.

- 12.5 Prices. Subject to applicable law, Franchisor will recommend minimum and maximum prices for products and services offer by Franchisee. Franchisee shall have the right to sell its products and services at any price Franchisee determines. Franchisee acknowledges that Franchisor has made no guarantee or warranty that offering services or products at any particular price will enhance Franchisee's sales or profits.
- 12.6 Unapproved Item/Suppliers. If Franchisee desires to purchase, lease or use any unapproved equipment, product, or service or to purchase, lease or use any equipment, product or service from an unapproved supplier, Franchisee shall submit to Franchisor a written request for such approval prior to utilizing such product, service or supplier. Franchisee shall not purchase or lease any item or use any supplier until and unless such item or supplier has been approved in writing by Franchisor. Franchisor shall have the right to require that its representatives be permitted to inspect the supplier's facilities and to test or otherwise evaluate samples from the supplier. Franchisee shall be responsible for all of Franchisor's costs in connection with any such inspection, testing or evaluation. Franchisor shall notify Franchisee whether Franchisor approves or disapproves of the proposed item or supplier within thirty (30) days after Franchisor receives all required information to evaluate the product, service or supplier. Franchisor reserves the right, at its option, to re-inspect from time to time the facilities and products of any such approved supplier and to revoke its approval upon the supplier's failure to continue to meet any of Franchisor's then-current criteria. Nothing in the foregoing shall be construed to require Franchisor to approve any particular item or supplier.
- 12.7 External Quality Assurance Services. Franchisor reserves the right to establish quality assurance programs conducted by third-party providers, including, but not limited to, mystery shop programs and periodic quality assurance audits ("Quality Review Services"). Upon Franchisor's request and at Franchisee's sole cost and expense, Franchisee shall subscribe, to any such third-party provider for Quality Review Services to monitor the operations of the Franchised Business as directed by Franchisor.
- 12.8 Variations in Standards. Notwithstanding anything to the contrary contained in this Agreement and this Section 12 in particular, Franchisee acknowledges and agrees that because complete and detailed uniformity under many varying conditions may not be possible or practical, Franchisor specifically reserves the right and privilege, at its sole discretion and as it may deem in the best interests of all concerned in any specific instance, to vary performance standards for some franchisees based upon the peculiarities and characteristics of the particular site or circumstance, business potential, existing business practices or any other condition which Franchisor deems to be of importance to the successful operation of such particular franchise business. Franchisor has full rights to vary standard specifications and practices for any other franchisee at any time without giving Franchisee comparable rights. Franchisee shall not be entitled to require Franchisor to disclose or grant to Franchisee a like or similar variation.

13. ADVERTISING, PROMOTIONS AND RELATED FEES

13.1 Advertising Programs. Franchisor may from time to time develop and administer advertising and sales promotion programs designed to promote and enhance the collective success of all Franchised Businesses operating under the System. Franchisee shall participate in all such advertising and sales promotion programs in accordance with the terms and conditions established by Franchisor from time to time for each program. In all aspects of these programs, including, without limitation, the type, quantity, timing, placement and choice of media, market areas and advertising agencies, the standards and specifications established by Franchisor, as modified from time to time, shall be final and binding upon Franchisee.

13.2 Local Advertising.

13.2.1. In addition to the ongoing advertising contributions set forth herein, and following the expenditures set forth in Section 13.2.3 below, Franchisee shall spend, throughout the term of this Agreement, not less than five percent (5%) of Franchisee's Gross Revenues or Five Hundred Dollars (\$500.00), whichever is greater, per month on advertising for the Franchised Business in the Territory ("Local Advertising"). Franchisor may require Franchisee to allocate to a regional advertising cooperative, as described in Section 13.4, up to one-half of Franchisee's required Local Advertising expenditures.

13.2.2 Within ten (10) business days of Franchisor's request, Franchisee shall provide a quarterly expenditure report accurately reflecting Franchisee's Local Advertising expenditures for the preceding quarterly period. The following costs and expenditures incurred by Franchisee shall **not** be included in Franchisee's expenditures on Local Advertising for purposes of this Section, unless approved in advance by Franchisor in writing: (i) incentive programs for employees or agents of Franchisee; (ii) research expenditures; (iii) salaries and expenses of any of Franchisee's personnel to attend advertising meetings, workshops or other marketing activities; (iv) charitable, political or other contributions or donations.

13.2.3 Franchisee shall spend at least Ten Thousand Dollars (\$10,000.00), or Five Thousand Five Hundred (\$5,500.00) for an Express Store, on Local Advertising and promotional activities in the Territory within the first three (3) months after the opening of the Franchised Business to promote the opening of the Franchised Business. If Franchisee hires a public relations firm in connection with the grand opening campaign, Franchisor will permit a maximum of One Thousand Five Hundred Dollars (\$1,500.00) of the associated cost to apply toward the minimum grand opening Local Advertising expenditure. Franchisee shall conduct Franchisee's grand opening campaign in accordance with plans approved by Franchisor. Franchisor reserves the right to collect some or all of Franchisee's grand opening funds and implement grand opening campaign activities on Franchisee's behalf.

13.3 Brand Fund.

- 13.3.1 Franchisor has established a national Brand Fund (the “Brand Fund”) on behalf of the System for national advertising and marketing. Franchisee is required to contribute a percentage of the Gross Revenue generated monthly by Franchisee’s Franchised Business to the Brand Fund, as determined by Franchisor (“Brand Fund Contribution”). Franchisor reserves the right, in Franchisor’s sole discretion and at any time and from time to time, to increase the amount of the Brand Fund Contribution to any amount not to exceed one and a half percent (1.5%) of Franchisee’s Gross Revenue. Payments will be made in the same manner and time as the Royalty Fees. If Franchisee fails to timely report Gross Revenue, then, in addition to a late fee and interest pursuant to Sections 6.2 and 6.3 hereof, Franchisor shall collect one hundred twenty percent (120%) of the last Brand Fund Contribution payable. Franchisor shall reconcile amounts when Gross Revenues are reported.
- 13.3.2 Franchisor shall direct all brand advertising and marketing programs and shall have sole discretion to approve or disapprove the creative concepts, materials and media used in such programs and the placement and allocation thereof. Franchisee agrees and acknowledges that the Brand Fund is intended to maximize general public recognition and acceptance of the Marks and enhance the collective success of all Franchised Businesses operating under the System.
- 13.3.3 Franchisor may, but has no obligation to, contribute to the Brand Fund on the same basis as Franchisee with respect to Big Frog outlets operated by Franchisor or Franchisor’s affiliates.
- 13.3.4 Franchisor may use the Brand Fund to satisfy any and all costs of developing, preparing, producing, directing, administering, conducting, maintaining and disseminating advertising, marketing, promotional and public relations materials, programs, campaigns, sales and marketing seminars and training programs of every kind and nature, through media now existing or hereafter developed (including, without limitation, the cost of television, radio, magazine, social media, newspaper and electronic advertising campaigns; direct mail and outdoor billboard advertising; public relations activities; conducting marketing research, employing advertising agencies to assist therein; developing, enhancing and maintaining the Website; and staff salaries and other personnel and departmental costs for advertising that Franchisor internally administers or prepares). While Franchisor does not intend that any part of the Brand Fund will be used for advertising which is principally a solicitation for franchisees, Franchisor reserves the right to use the Brand Fund for public relations, to explain the franchise system, and/or to include a notation in any advertisement indicating “Franchises Available.”
- 13.3.5 The Brand Fund will be operated solely as a conduit for collecting and expending the advertising contributions for the System. The Brand Fund will not be used to defray any of Franchisor’s general operating expenses, except for reasonable administrative costs and overhead that Franchisor may incur in activities related to the administration and direction of the Brand Fund and such costs and expenses

pursuant Section 13.3.4. The Brand Fund and its earnings shall not otherwise inure to Franchisor's benefit.

13.3.6 In administering the Brand Fund, Franchisor undertakes no obligation to make expenditures for Franchisee that are equivalent or proportionate to Franchisee's contribution or to ensure that any particular franchisee benefits directly or pro rata from the production or placement of advertising.

13.3.7 Although the Brand Fund is intended to be of perpetual duration, Franchisor may terminate it at any time and for any reason or no reason. Franchisor will not terminate the Brand Fund, however, until all monies in the Brand Fund have been spent for advertising or promotional purposes or returned to contributors, without interest, on the basis of their respective contributions.

13.4 Regional Advertising. Franchisor reserves the right to establish, in Franchisor's sole discretion, a regional advertising cooperative. If a regional cooperative is established during the term of this Agreement, Franchisee agrees to sign all documents Franchisor requests to become a member of the cooperative according to the terms of the documents. If Franchisor establishes a regional cooperative, Franchisee agrees to contribute amounts equal to Franchisee's share of the total cost of cooperative advertising, in addition to required Brand Fund Contributions.

13.5 Corporate Accounts. Franchisor specifically reserves the right to solicit, sell to, negotiate rates with, and service commercial or charitable entities for accounts who purchase custom printed t-shirts, apparel and/or various gift items, and who conduct business across multiple areas or have multiple locations either regionally or nationally, such as, by way of examples only, corporate marketing departments and national/regional charitable organizations (collectively, the "Commercial Accounts"). Franchisor will offer Franchisee the first right to service Commercial Accounts in Franchisee's Territory, provided that Franchisee accepts the negotiated terms; otherwise, Franchisor may service the Commercial Accounts either directly or permit another franchisee to provide such service. Franchisee will receive no compensation for our sales made through alternate distribution channels or Commercial Accounts that you decline within Franchisee's Territory. Franchisor may require Franchisee to pay to Franchisor an administrative fee to participate in the Commercial Accounts program of not more than 2% per sales transaction.

13.6 Directory Listings. At Franchisee's sole cost and expense, Franchisee must list the Franchised Business in local business directories, including, but not limited to, listings on Internet search engines. If feasible, and with Franchisor's prior written approval, Franchisee may do cooperative listings with other System franchisees. Notwithstanding the foregoing, Franchisee may not maintain any business profile on Facebook, Instagram, Twitter, LinkedIn, YouTube or any other social media and/or networking site without Franchisor's prior written approval and use of any social media accounts shall be in strict accordance with Franchisor's requirements. Franchisee shall provide Franchisor with all passwords and administrative rights to any and all social media accounts for the

Franchised Business, and Franchisee hereby appoints Franchisor its true and lawful agent and attorney-in-fact with full power and authority, for the sole purpose of taking whatever action as is necessary for the best interest of the System, if Franchisee fails to maintain such accounts in accordance with Franchisor's standards.

- 13.7 Approval of Advertising. All advertising and promotion by Franchisee, in any medium, shall be conducted in a professional manner and shall conform to the standards and requirements of Franchisor as set forth in the Manual or otherwise. Franchisee shall submit to Franchisor for its approval samples of all advertising, press releases, promotional plans and materials and public relations programs that Franchisee desires to use, including, without limitation, any materials in digital, electronic or computerized form, or in any form of media now or hereafter developed that have not been either provided or previously approved by Franchisor. Franchisor shall approve or disapprove such plans and materials within ten (10) business days of Franchisor's receipt thereof. If Franchisor fails to respond to Franchisee's submission within ten (10) business days, such plans and materials shall be deemed "disapproved". Franchisee shall not use such unapproved plans or materials until they have been approved by Franchisor in writing and shall promptly discontinue use of any advertising or promotional plans or materials, whether or not previously approved, upon notice from Franchisor. Any use of unauthorized advertising and marketing materials will be subject to our then-current fee for each occurrence, payable to the Brand Fund. Any advertising, marketing or sales concepts, programs or materials proposed or developed by Franchisee for the Big Frog brand and approved by Franchisor may be used by other System franchisees without any compensation to Franchisee.

14. INTELLECTUAL PROPERTY

14.1 Ownership.

14.1.1. Franchisee expressly understands and acknowledges that Big Frog Custom T-Shirts, Inc. ("Licensor") is the record owner of the Marks, as of the Effective Date. Franchisor holds the exclusive right to license the Marks to franchisees of the System for use pursuant to the System. Franchisee further expressly understands and acknowledges that Franchisor claims copyrights on certain written material used in the System, including but not limited to, forms, advertisements, promotional materials and the Manual, and on the Website, whether or not Franchisor has filed for copyrights thereto with the U.S. Copyright Office. The Marks and copyrights are hereafter together referred to as the "Intellectual Property".

14.1.2. As between Franchisor and Franchisee, Franchisor and Licensor are the owners of all right, title and interest in and to the Intellectual Property and the goodwill associated with and symbolized by them.

- 14.2 No Interference. Neither Franchisee nor any Principal shall take any action that would prejudice or interfere with the validity of Franchisor's or Licensor's rights with respect to the Intellectual Property. Nothing in this Agreement shall give Franchisee any right, title,

or interest in or to any of the Intellectual Property or any of Franchisor's or Licensor's service marks, trademarks, trade names, trade dress, logos, copyrights or proprietary materials, except the right to use the Intellectual Property and the System in accordance with the terms and conditions of this Agreement for the operation of a Franchised Business and only at or from the Franchised Business location or in approved advertising related to the Franchised Business.

- 14.3 Goodwill. Franchisee understands and agrees that any and all goodwill arising from Franchisee's use of the Intellectual Property and the System shall inure solely and exclusively to the benefit of Franchisor and Licensor, and upon expiration or termination of this Agreement and the license herein granted, no monetary amount shall be assigned as attributable to any goodwill associated with Franchisee's use of the Intellectual Property.
- 14.4 Validity. Franchisee shall not contest the validity of, or Franchisor's or Licensor's interest in, the Intellectual Property or assist others to contest the validity of, or Franchisor's or Licensor's interest in, the Intellectual Property.
- 14.5 Infringement. Franchisee acknowledges that any unauthorized use of the Intellectual Property shall constitute an infringement of Franchisor's or Licensor's rights in the Intellectual Property and a material event of default hereunder. Franchisee shall provide Franchisor or Licensor with all assignments, affidavits, documents, information and assistance Franchisor or Licensor reasonably requests to fully vest in Franchisor or Licensor all such rights, title and interest in and to the Intellectual Property, including all such items as are reasonably requested by Franchisor or Licensor to register, maintain and enforce such rights in the Intellectual Property.
- 14.6 Substitution. Franchisor reserves the right to substitute different Marks for use in identifying the System and the Franchised Business, if it in its sole discretion, determines that substitution of different Marks will be beneficial to the System. Franchisor will not be liable to Franchisee for any expenses, losses or damages sustained by Franchisee as a result of any additions, modifications, substitutions or discontinuation of the Marks. Franchisee covenants not to commence or join in any litigation or other proceeding against Franchisor for any of these expenses, losses or damages.
- 14.7 Franchisee's Use of the Intellectual Property. With respect to Franchisee's use of the Intellectual Property pursuant to this Agreement, Franchisee further agrees that:
- 14.7.1 Unless otherwise authorized or required by Franchisor, Franchisee shall advertise the Franchised Business only under the Marks "Big Frog" and design. Franchisee shall not use the Marks as part of its corporate or other legal name. All fictitious names used by Franchisee shall bear the designation "a franchisee of Big Frog Custom T-Shirts, Inc."
- 14.7.2 Franchisee shall identify itself as the owner of the Franchised Business and as an independent Big Frog franchisee in conjunction with any use of the Intellectual Property, including, but not limited to, uses on invoices, order forms, receipts and

contracts, as well as the display of a notice in such content and form and at such conspicuous locations on the premises of the Franchised Business as Franchisor may designate in writing.

14.7.3 Franchisee shall not use the Intellectual Property to incur any obligation or indebtedness on behalf of Franchisor.

14.7.4 Any item offered by Franchisee that contains the Marks, must be approved by Franchisor in writing prior to being distributed or sold by Franchisee and such approval may be granted or denied in Franchisor's sole and absolute discretion.

14.8 Claims. Franchisee shall notify Franchisor immediately via both email and telephone, of any apparent infringement of or challenge to Franchisee's use of any Intellectual Property and of any claim by any person of any rights in any Intellectual Property. Franchisee shall not communicate with any person other than Franchisor or any designated affiliate thereof, their counsel and Franchisee's counsel in connection with any such infringement, challenge or claim. Franchisor shall have complete discretion to take such action as it deems appropriate in connection with the foregoing, and the right to control exclusively, or to delegate control to any of its affiliates of, any settlement, litigation or other proceeding arising out of any such alleged infringement, challenge or claim or otherwise relating to any Intellectual Property. Franchisee agrees to execute any and all instruments and documents, render such assistance, and do such acts or things as may, in the opinion of Franchisor, reasonably be necessary or advisable to protect and maintain the interests of Franchisor or any other person or entity in any litigation or other proceeding or to otherwise protect and maintain the interests of Franchisor or any other interested party in the Intellectual Property. Franchisor will indemnify and defend Franchisee against and reimburse Franchisee for actual damages (including settlement amounts) for which Franchisee is held liable in any proceeding arising out of Franchisee's use of any of the Intellectual Property that infringes on the rights of any other party, provided that the conduct of Franchisee with respect to such proceeding and use of the Intellectual Property is in full compliance with the terms of this Agreement.

14.9 Franchisor may use and grant franchises and licenses to others to use the Intellectual Property and the System and to establish, develop and franchise other systems, different from the System licensed to Franchisee herein, without offering or providing Franchisee any rights in, to or under such other systems and Franchisor may modify or change, in whole or in part, any aspect of the Intellectual Property or the System, so long as Franchisee's rights thereto are in no way materially harmed thereby.

14.10 Franchisee shall not register or attempt to register the Intellectual Property in Franchisee's name or that of any other person, firm, entity or corporation.

14.11 Photo/Video Release. Franchisee acknowledges and authorizes Franchisor to use Franchisee's likeness in a photograph in any and all of Franchisor's publications, including printed and digital publications and on websites. Franchisee agrees and understands that any photograph using Franchisee's likeness will become Franchisor's

property and will not be returned. Franchisee agrees and irrevocably authorizes Franchisor to edit, alter, copy, exhibit, publish or distribute any photograph of Franchisee for any lawful purpose. Franchisee agrees and waives any rights to royalties or any other compensation related to Franchisor's use of any photograph of Franchisee. Franchisee agrees to hold harmless and forever discharge Franchisor from all claims, demands, and causes of action which Franchisee may have in connection with this authorization.

15. INSURANCE AND INDEMNIFICATION

15.1 Procurement. Franchisee shall procure, prior to the commencement of any operations under this Agreement, and thereafter maintain in full force and effect during the term of this Agreement at Franchisee's sole cost and expense and to Franchisor's sole satisfaction, insurance policies protecting Franchisee and Franchisor, and naming Franchisor, its officers, directors, partners, owners, employees and affiliates as additional insureds as their interests may appear, in the following minimum limits (except as additional coverage and higher policy limits may reasonably be specified from time to time in the Manual or otherwise in writing):

15.1.1. Liability. Commercial general liability insurance, including public liability, personal injury, advertising injury, and products liability coverage in the amount of at least One Million Dollars (\$1,000,000) per occurrence and Two Million (\$2,000,000) aggregate;

15.1.2 Employment. Worker's compensation coverage in the limits required by state law, employer's liability insurance in the amount of Five Hundred Thousand Dollars (\$500,000) per accident shall be carried on all of Franchisee's employees, and crime and employee dishonesty in the minimum amount of Twenty-Five Thousand Dollars (\$25,000), as well as such other insurance as may be required by statute or rule of the state in which the Franchised Business is located and operated;

15.1.3. Property. Fire, vandalism, windstorm and hail, and extended coverage insurance for property damage with primary and excess limits of not less than the full replacement value of the leasehold improvements, equipment, furniture, fixtures, and inventory, or the amount required by the lease for the Franchised Business premises, whichever is greater;

15.1.4 Automobile Insurance. Prior to operation of any vehicle on behalf of the Franchised Business, Franchisee must obtain comprehensive automobile liability insurance in an amount appropriate for vehicle operations in the Territory;

15.1.5 Electronic Data Processing. Coverage for damage or loss of electronic and computer equipment, media and data in an amount of not less than Ten Thousand Dollars (\$10,000.00); and

15.1.6 Identity Theft, Forgery or Alteration. Coverage for identity forgery, alteration or

theft in a recommended amount of at least Two Thousand Five Hundred Dollars (\$2,500.00) per loss and Five Thousand Dollars (\$5,000.00) for expenses.

- 15.2 Evidence of Insurance. Franchisee shall deliver to, and maintain at all times with Franchisor, current Certificates of Insurance evidencing the existence and continuation of the required coverages. Franchisee shall deliver the initial Certificate of Insurance no later than ten (10) days before Franchisee opens the Franchised Business. In addition, if requested by Franchisor, Franchisee shall deliver to Franchisor a copy of the insurance policy or policies required hereunder.
- 15.3 Failure to Procure. If, for any reason, Franchisee should fail to procure or maintain the insurance required by this Agreement as revised from time to time for all franchisees by the Manual or otherwise in writing, Franchisor shall have the right and authority (without, however, any obligation) to immediately procure such insurance and to charge Franchisee for the cost thereof together with an administrative fee of ten percent (10%) of the cost for Franchisor's expenses in so acting, including all attorneys' fees. Franchisee shall pay Franchisor immediately upon notice by Franchisor to Franchisee that Franchisor has undertaken such action and the cost thereof.
- 15.4 Increase in Coverage. The levels and types of insurance stated herein are minimum requirements. Franchisor reserves the right to raise the required minimum requirements for any type of insurance or add additional types of insurance requirements as Franchisor deems reasonably prudent to require. Within thirty (30) days of any such required new limits or types of coverage, Franchisee must submit proof to Franchisor of Franchisee's coverage pursuant to Franchisor's requirements.
- 15.5 Additional Insured. All required insurance policies shall name Franchisor and their affiliates and their members, officers, agents and employees as additional insureds as their interests may appear. All public liability policies shall contain a provision that the additional insureds, although named as insureds, shall nevertheless be entitled to recover under such policies on any loss caused by Franchisee or Franchisee's servants, agents or employees, and all required insurance policies shall contain a waiver of subrogation in favor of the additional insureds.
- 15.6 Indemnification. TO THE FULLEST EXTENT PERMITTED BY LAW, FRANCHISEE AGREES TO EXONERATE AND INDEMNIFY AND HOLD HARMLESS BIG FROG CUSTOM T-SHIRTS, INC., AND ANY PARENT COMPANY, SUBSIDIARIES, DIVISIONS, AFFILIATES, SUCCESSORS, ASSIGNS AND DESIGNEES, AS WELL AS ANY DIRECTORS, OFFICERS, EMPLOYEES, AGENTS, SHAREHOLDERS, SUCCESSORS, DESIGNEES AND REPRESENTATIVES (COLLECTIVELY REFERRED TO AS THE "BIG FROG INDEMNITEES"), FROM ALL CLAIMS BASED UPON, ARISING OUT OF, OR IN ANY WAY RELATED TO THE OPERATION, CONDITION, OR ANY PART OF FRANCHISEE'S BIG FROG FRANCHISE, THE FRANCHISED BUSINESS, THE PRODUCTS, THE SERVICES, THE PREMISES, OR ANY ASPECT OF THE REAL ESTATE CONNECTED TO FRANCHISEE'S FRANCHISED BUSINESS, WHETHER CAUSED BY

FRANCHISEE, FRANCHISEE'S AGENTS OR EMPLOYEES, OR ARISING FROM FRANCHISEE'S ADVERTISING OR BUSINESS PRACTICES, REGARDLESS OF WHETHER THE ALLEGED INJURY OR LIABILITY IS CAUSED IN WHOLE OR IN PART BY ANY NEGLIGENT ACT OR OMISSION OF THE BIG FROG INDEMNITEES. FRANCHISEE AGREES TO PAY FOR ALL THE BIG FROG INDEMNITEES' LOSSES, EXPENSES (INCLUDING, BUT NOT LIMITED TO ATTORNEYS' FEES) OR CONCURRENT OR CONTRIBUTING LIABILITY INCURRED IN CONNECTION WITH ANY ACTION, SUIT, PROCEEDING, INQUIRY (REGARDLESS OF WHETHER THE SAME IS REDUCED TO JUDGMENT OR DETERMINATION), OR ANY SETTLEMENT THEREOF FOR THE INDEMNIFICATION GRANTED BY FRANCHISEE HEREUNDER. THE BIG FROG INDEMNITEES SHALL HAVE THE RIGHT TO SELECT AND APPOINT INDEPENDENT COUNSEL TO REPRESENT ANY OF THE BIG FROG INDEMNITEES IN ANY ACTION OR PROCEEDING COVERED BY THIS INDEMNITY. FRANCHISEE AGREES THAT TO HOLD THE BIG FROG INDEMNITEES HARMLESS, FRANCHISEE WILL REIMBURSE THE BIG FROG INDEMNITEES AS THE COSTS AND EXPENSES ARE INCURRED BY THE BIG FROG INDEMNITEES.

Initial

16. TRANSFERS

16.1 Transfers by Franchisor.

16.1.1 Franchisor shall have the right to assign this Agreement, and all of Franchisor's rights and privileges hereunder, to any person, firm, corporation or other entity, without Franchisee's permission or prior knowledge, provided that, with respect to any assignment resulting in the subsequent performance by the assignee of Franchisor's obligations, the assignee shall expressly assume and agree to perform Franchisor's obligations hereunder. Specifically, and without limitation to the foregoing, Franchisee expressly affirms and agrees that Franchisor may: (i) sell Franchisor's assets and Franchisor's rights to the Marks and the System outright to a third party; (ii) engage in a public or private placement of some or all of Franchisor's securities; (iii) merge, acquire other corporations, or be acquired by another corporation, including competitors; (iv) undertake a refinancing, recapitalization, leveraged buy-out or other economic or financial restructuring; and (v) with regard to any or all of the above sales, assignments and dispositions, Franchisee expressly and specifically waives any claims, demands or damages arising from or relating to the loss of association with or identification of Franchisor. Nothing contained in this Agreement shall require Franchisor to remain in the business franchised herein or to offer the same products and services, whether or not bearing the Marks, in the event that Franchisor exercises its prerogative hereunder to assign Franchisor's rights in this Agreement.

16.1.2 Franchisee agrees that Franchisor has the right, now or in the future, to purchase,

merge, acquire or affiliate with an existing competitive or non-competitive franchise network, chain or any other business regardless of the location of that chain's or business' facilities, and to operate, franchise or license those businesses and/or facilities operating under the Marks or any other marks following Franchisor's purchase, merger, acquisition or affiliation, regardless of the location of the facilities (which Franchisee acknowledges may be within the Territory, proximate thereto, or proximate to any of Franchisee's locations). However, Franchisor represents that it will not convert any such acquired facilities that are operating within the Territory to a Big Frog franchise during the Term of this Agreement.

16.1.3 If Franchisor assigns its rights in this Agreement, nothing herein shall be deemed to require Franchisor to remain in the retail printing business or to offer or sell any products or services to Franchisee.

16.2 Restrictions on Transfers by Franchisee. Franchisee's rights and duties under this Agreement are personal to Franchisee as it is organized and with the Principals of the business as they exist on the date of execution of this Agreement, and Franchisor has made this Agreement with Franchisee in reliance on Franchisor's perceptions of the individual and collective character, skill, aptitude, attitude, business ability, and financial capacity of Franchisee. Thus, no transfer, as hereafter defined, may be made without Franchisor's prior written approval. Franchisor may void any transfer made without such approval.

16.3 Transfers by Franchisee. Franchisee shall not directly or indirectly sell, assign, transfer, give, devise, convey or encumber this Agreement or any right or interest herein or hereunder (a "Transfer"), the Franchise, the Franchised Business or any assets thereof (except in the ordinary course of business) or suffer or permit any such assignment, transfer, or encumbrance to occur by operation of law unless it first obtains the written consent of Franchisor. A transfer of any stock in the Franchisee if it is a corporation or a transfer of any ownership rights in Franchisee if it is a partnership, a limited liability company or limited partnership shall be considered a Transfer restricted hereunder. If Franchisee has complied fully with this Agreement and subject to Franchisor's Right of First Refusal set forth in Section 16.6, Franchisor will not unreasonably withhold its consent of a Transfer that meets the following requirements:

16.3.1 The proposed transferee and all its principals must have the demeanor and be individuals of good character and otherwise meet Franchisor's then-applicable standards for franchisees.

16.3.2 The transferee must have sufficient business experience, aptitude and financial resources to operate the Franchised Business and to comply with this Agreement;

16.3.3 The transferee has agreed to complete Franchisor's Initial Management Training Program to Franchisor's satisfaction;

- 16.3.4 Franchisee has paid all amounts owed to Franchisor and third-party creditors;
- 16.3.5 The transferee has executed Franchisor's then-standard form of Franchise Agreement, which may have terms and conditions different from this Agreement, except that the transferee shall not be required to pay the Initial Franchise Fee;
- 16.3.6 Franchisee and the transferee and each of Franchisee's and the transferee's Principals shall have executed a general release, in a form satisfactory to Franchisor, of any and all claims against Franchisor and Franchisor's officers, directors, shareholders, members and employees in their corporate and individual capacities, including, without limitation, claims arising under federal, state, and local laws, rules and ordinances. Franchisee will agree to subordinate any claims Franchisee may have against the transferee to Franchisor, and indemnify Franchisor against any claims by the transferee relating to misrepresentations in the transfer process, specifically excluding those representations made by Franchisor in the Franchise Disclosure Document given to the transferee;
- 16.3.7 Franchisor has granted written approval of the material terms and conditions of the Transfer, including, without limitation, that the price and terms of payment will not adversely affect the Franchised Business's operation. However, Franchisor's approval of a Transfer is not in any way a representation or warranty of the transferee's success or the soundness of transferee's decision to purchase the Franchise on such terms and conditions. Franchisee shall provide Franchisor all proposed transfer documents for Franchisor's review at least thirty (30) days prior to a closing of the proposed Transfer;
- 16.3.8 If Franchisee or any Principal finances any part of the sale price of the Transfer, Franchisee or its Principal have agreed that all obligations of the transferee under any notes, agreements or security interests to Franchisee or its Principal will be subordinate to the transferee's obligations to Franchisor; and
- 16.3.9 If consent is required, the lessor of the Franchised Business's premises consents to the assignment or further sublet of the premises to the transferee.
- 16.4 Transfer Fee. As a condition to any Transfer, Franchisee shall pay Franchisor a transfer fee equal to Nine Thousand Five Hundred Dollars (\$9,500.00).
- 16.5 Entity Formation Documents. The By-Laws of a corporation or Operating Agreement of a limited liability company of a Franchisee that is an entity must state that (i) the issuance and assignment of any interest in Franchisee are restricted by this Article 16; (ii) Franchisee may conduct no business except the operation of a Franchised Business pursuant to the terms of this Agreement; (iii) transfers of interests in Franchisee are subject to the terms of this Agreement governing transfers; and (iv) stock or member certificates will contain a legend so indicating.
- 16.6 Franchisor's Right of First Refusal.

- 16.6.1 If Franchisee wishes to transfer all or part of its interest in the Franchised Business or this Agreement or if a Principal wishes to transfer any ownership interest in Franchisee, pursuant to any bona fide offer to purchase such interest, then Franchisee or such Principal shall promptly notify Franchisor in writing of each such offer, and shall provide such information and documentation relating to the offer as Franchisor may require.
- 16.6.2 Franchisor has the right, exercisable by written notice to Franchisee within thirty (30) days after receipt of written notification and copies of all documentation required by Franchisor describing such offer, to buy the interest in this Agreement and the Franchised Business or the Principal's interest in Franchisee for the price and on the terms and conditions contained in the offer, subject to Section 16.6.3.
- 16.6.3 Franchisee further agrees, in the event Franchisor exercises its right of first refusal, notwithstanding anything to the contrary contained in the offer, that (i) Franchisor may substitute cash for any other form of consideration contained in the offer; (ii) at Franchisor's option, Franchisor may pay the entire purchase price at closing; (iii) Franchisor's credit will be deemed equal to the credit of any proposed transferee; (vi) Franchisor will have at least sixty (60) days to close the purchase; and (v) Franchisor will be entitled to receive from the Franchisee all customary representations and warranties given by a seller of the assets of a business or equity interest in an entity, as applicable.
- 16.6.4 If Franchisor does not exercise its right to buy within thirty (30) days, Franchisee may thereafter transfer the interest to the transferee on terms no more favorable than those disclosed to Franchisor, provided that such transfer is subject to Franchisor's prior written approval pursuant to Section 16.3 hereof. However, if (i) the sale to the transferee is not completed within one hundred twenty (120) days after the offer is given to Franchisor or (ii) there is any material change in the terms of the offer, the offer will again be subject to Franchisor's right of first refusal.
- 16.7 Death or Permanent Disability. The grant of rights under this Agreement is personal to Franchisee, and on the death or permanent disability of Franchisee or any of Franchisee's Principals, as the case may be, the Franchise granted by this Agreement will terminate. Accordingly, the executor, administrator, conservator or other personal representative of Franchisee or Franchisee's Principal, as the case may be, shall be required to transfer Franchisee's or Franchisee's Principal's interest in this Agreement within six (6) months from the date of death or permanent disability, to a third party approved by Franchisor. A transfer under this Section 16.7, including without limitation, transfer by devise or inheritance, is subject to the conditions for Transfers in this Article 16 and unless transferred by gift, devise or inheritance, subject to the terms of Section 16.6 above. For purposes of this Agreement, the term "permanent disability" means a mental or physical disability, impairment or condition that is reasonably expected to prevent or actually does prevent such person from providing continuous and material supervision of the operation of Franchisee's Franchised Business during the six (6)-month period from its onset."

Immediately after the death or permanent disability of such person, or while the Franchise is owned by an executor, administrator, guardian, personal representative or trustee of that person, the Franchised Business shall be supervised by an interim successor manager satisfactory to Franchisor, or Franchisor, in its sole discretion, may provide interim management at Franchisor's then-current interim management support fee, pending transfer of the Franchise to the deceased or disabled individual's lawful heirs or successors.

- 16.8 Effect of Consent to Transfer. Franchisor's consent to a Transfer will not waive any claims Franchisor may have against the Franchisee or any Franchisee's Principals nor waive its right to demand that the transferee comply strictly with this Agreement.
- 16.9 Security Interests to Lender. If Franchisee is in full compliance with this Agreement, Franchisee may pledge or give a security interest in Franchisee's interest in the Assets and the Franchised Business to a lender of the funds needed by Franchisee for Franchisee's initial investment, provided that the security interest is subordinate to Franchisee's obligations to Franchisor, that a foreclosure on such a pledge or security interest and/or any Transfer resulting from such a foreclosure shall be subject to all provisions of this Agreement, and that Franchisee obtains from the lender a written acknowledgement to Franchisor of these restrictions.

17. DEFAULTS

- 17.1 Default and Automatic Termination. Franchisee shall be deemed to be in material default under this Agreement, and all rights granted herein shall automatically terminate without notice to Franchisee, if Franchisee shall become insolvent or makes a general assignment for the benefit of creditors; or if Franchisee files a voluntary petition under any section or chapter of federal bankruptcy law or under any similar law or statute of the United States or any state thereof, or admits in writing its inability to pay its debts when due; or if Franchisee is adjudicated a bankrupt or insolvent in proceedings filed against Franchisee under any section or chapter of federal bankruptcy laws or under any similar law or statute of the United States or any state; or if a bill in equity or other proceeding for the appointment of a receiver of Franchisee or other custodian for Franchisee's business or assets is filed and consented to by Franchisee; or if a receiver or other custodian (permanent or temporary) of Franchisee's assets or property, or any part thereof, is appointed by any court of competent jurisdiction; or if proceedings for a composition with creditors under any state or federal law should be instituted by or against Franchisee; or if a final judgment remains unsatisfied or of record for thirty (30) days or longer (unless supersedeas bond is filed); or if Franchisee is dissolved; or if execution is levied against Franchisee's business or property; or if suit to foreclose any lien or mortgage against the Franchised Business premises or equipment is instituted against Franchisee and not dismissed within thirty (30) days.
- 17.2 Defaults with No Opportunity to Cure. Franchisee shall be deemed to be in material default and Franchisor may, at its option, terminate this Agreement and all rights granted

hereunder, without affording Franchisee any opportunity to cure the default, effective immediately upon notice to Franchisee, if Franchisee, or any Principal, as the case may be:

- 17.2.1 fails to acquire a site for the Franchised Business, complete construction of the Franchised Business, obtain all licenses and permits before opening, or open the Franchised Business within the time and in the manner specified in Article 8.
- 17.2.2 falsifies any report required to be furnished Franchisor hereunder;
- 17.2.3 ceases to operate the Franchised Business for a period of five (5) days or more; provided, however, that this provision shall not apply if through no fault of Franchisee, the premises are damaged or destroyed by a casualty and Franchisee applies within thirty (30) days after such event, for Franchisor's approval to relocate or reconstruct the premises (which approval shall not be unreasonably withheld) and Franchisee diligently pursues such reconstruction or relocation.
- 17.2.4 loses for any cause whatsoever the right of possession of the real property on which the Franchised Business is located; provided, however, that this provision shall not apply if through no fault of Franchisee, Franchisee loses right of possession and Franchisee applies within thirty (30) days after such event, for Franchisor's approval to relocate the Franchised Business (which approval shall not be unreasonably withheld) and Franchisee diligently pursues such relocation in accordance with Section 8.4.
- 17.2.5 fails to restore the Franchised Business location to full operation within a reasonable period of time but not more than one hundred twenty (120) days from the date the Franchised Business location is rendered inoperable by any casualty, as may be extended by Franchisor in Franchisor's reasonable discretion;
- 17.2.6 fails to comply with any federal, state or local law, rule or regulation, applicable to the operation of the Franchised Business, including, but not limited to, the failure to pay taxes;
- 17.2.7 defaults under any lease or sublease of the real property on which the Franchised Business is located;
- 17.2.8 understates Gross Revenue on two (2) occasions or more, whether or not cured on any or all of those occasions;
- 17.2.9 fails to comply with the covenants in Article 15;
- 17.2.10 permits a Transfer in violation of the provisions of Article 16 of this Agreement;
- 17.2.11 fails, or Franchisee's legal representative fails, to transfer the interests in this Franchise Agreement and the Franchised Business upon death or permanent disability of Franchisee or any Principal of Franchisee as required by Section 16.7.

- 17.2.12 has misrepresented or omitted material facts in applying for the Franchise;
 - 17.2.13 is convicted of, or pleads no contest to, a felony or to a crime that could damage the goodwill associated with the Marks or engages in any other conduct that may harm the reputation of the System or the goodwill associated with the Marks;
 - 17.2.14 receives an adverse judgment or a consent decree in any case or proceeding involving allegations of fraud, racketeering, unfair or improper trade practices or similar claim which is likely to have an adverse effect on the System, or the Marks, the goodwill associated therewith or Franchisor's interest therein, in Franchisor's sole opinion;
 - 17.2.15 conceals revenues, knowingly maintains false books or records, or knowingly submits any false reports;
 - 17.2.16 creates a threat or danger to public health or safety from the construction, maintenance or operation of the Franchised Business;
 - 17.2.17 refuses to permit Franchisor to inspect or audit Franchisee's books or records;
 - 17.2.18 makes any unauthorized use of the Marks or copyrighted material or any unauthorized use or disclosure of Confidential Information (as defined in Section 19.2);
 - 17.2.19 fails to comply with the non-competition covenants in Section 19.5;
 - 17.2.20 defaults in the performance of Franchisee's obligations under this Agreement three (3) or more times during the term of this Agreement or any renewals or has been given at least two (2) notices of default in any consecutive twelve (12)-month period, whether or not the defaults have been corrected;
 - 17.2.21 has insufficient funds to honor a check or electronic funds transfer two (2) or more times within any consecutive twelve (12)-month period;
 - 17.2.22 defaults, or an affiliate of Franchisee defaults, under any other agreement, including any other franchise agreement, with Franchisor or any of Franchisor's affiliates or suppliers and does not cure such default within the time period provided in such other agreement; or
 - 17.2.23 terminates this Agreement without cause.
- 17.3 Curable Defaults. Franchisee shall be deemed to be in material default and Franchisor may, at its option, terminate this Agreement and all rights granted hereunder, if Franchisee fails to cure the default within the time period set forth in this Section 17.3,

effective immediately upon notice to Franchisee, if Franchisee, or any Principal, as the case may be:

- 17.3.1 fails to pay when due any amounts due to Franchisor under this Agreement or any related agreement and does not correct the failure within five (5) days after written notice; provided, however, Franchisor has no obligation to give written notice of a late payment more than two (2) times in any twelve (12)-month period, and the third such late payment in any twelve (12)-month period shall be a non-curable default under Sections 17.2.20 and/or 17.2.21;
- 17.3.2 fails to perform any non-monetary obligation imposed by this Agreement (excepting those defaults of obligations set forth in Sections 17.1 and 17.2 for which there is no opportunity to cure) and such default shall continue for five (5) days after Franchisor has given written notice of such default, or if the default cannot be reasonably corrected within said five (5)-day period, then if it is not corrected within such additional time as may be reasonably required assuming Franchisee proceeds diligently to cure; provided, however, Franchisor has no obligation to give written notice of a non-monetary default more than two (2) times in any twelve (12)-month period, and the third such default, whether monetary or non-monetary, in any twelve (12) – month period shall be a non-curable default under Section 17.2.20.
- 17.4 Franchisor's Cure of Franchisee's Defaults. In the event of a default by Franchisee, in addition to Franchisor's right to terminate the Franchise Agreement, and not in lieu thereof, Franchisor may, but has no obligation to:
 - 17.4.1 effect a cure on Franchisee's behalf and at Franchisee's expense, and Franchisee shall immediately pay Franchisor the costs incurred by Franchisor upon demand; or
 - 17.4.2 enter upon the Franchised Business location and exercise complete authority with respect to the operation thereof until such time as Franchisor determines that the default of Franchisee has been cured and that Franchisee is complying with the requirements of this Agreement. Franchisee specifically agrees that a designated representative of Franchisor may take over, control and operate the Franchised Business. In addition to all other fees paid under this Agreement, Franchisee shall pay Franchisor ten percent (10%) of the Gross Revenue generated by the Franchised Business during Franchisor's operation thereof as compensation therefor. Further, Franchisee shall reimburse Franchisor for the full compensation paid to such representative including the cost of all fringe benefits plus all travel expenses, lodging, meals and other expenses reasonably incurred by such representative until the default has been cured and Franchisee is complying with the terms of this Agreement.
- 17.5 Notice to Suppliers. In the event of a default by Franchisee, in addition to Franchisor's right to terminate the Franchise Agreement, and not in lieu thereof, Franchisor reserves

the right with five (5) days' prior written notice to Franchisee to direct suppliers to stop furnishing any and all products and supplies until such time as Franchisee's default is cured. In no event shall Franchisee have recourse against Franchisor for loss of revenue, customer goodwill, profits or other business arising from Franchisor's actions and the actions of suppliers.

- 17.6 Reimbursement of Costs. Franchisee shall reimburse Franchisor all costs and expenses, including but not limited to attorneys' fees, incurred by Franchisor as a result of Franchisee's default, including costs in connection with collection of any amounts owed to Franchisor and/or enforcement of Franchisor's rights under this Agreement.

18. POST-TERMINATION

- 18.1 Franchisee's Obligations. Upon termination or expiration of this Agreement, all rights and licenses granted hereunder to Franchisee shall immediately terminate and Franchisee and each Principal, if any, shall:
- 18.1.1 immediately cease to operate the Franchised Business, and shall not thereafter, directly or indirectly identify himself, herself or itself as a current Big Frog owner, franchisee or licensee;
 - 18.1.2 immediately and permanently cease to use the Marks, any imitation of any Mark, logos, copyrighted material or other intellectual property, confidential or proprietary material or indicia of a Big Frog outlet, or use any trade name, trade or service mark or other commercial symbol that suggests a current or past association with Franchisor, Licensor, or the System. In particular, Franchisee shall cease to use, without limitation, all signs, billboards, advertising materials, displays, stationery, forms and any other articles, which display the Marks;
 - 18.1.3 take such action as may be necessary to cancel any assumed name or equivalent registration that contains the Mark or any other service mark or trademark of Franchisor, and Franchisee shall furnish Franchisor with evidence of compliance with this obligation which is satisfactory to Franchisor, within five (5) days after termination or expiration of this Agreement;
 - 18.1.4 promptly pay all sums owing to Franchisor and its affiliates. Such sums shall include all damages, costs and expenses, including reasonable attorneys' fees, incurred by Franchisor as a result of any default by Franchisee. The payment obligation herein shall give rise to and remain, until paid in full, a lien in favor of Franchisor against any and all of the personal property, furnishings, equipment, fixtures, and inventory owned by Franchisee and located at the Franchised Business location at the time of default;
 - 18.1.5 pay to Franchisor all damages, costs and expenses, including reasonable attorneys' fees, incurred by Franchisor in connection with obtaining any remedy available to Franchisor for any violation of this Agreement and, subsequent to the termination or expiration of this Agreement, in obtaining injunctive or other relief for the enforcement of any provisions of this Agreement that survive its termination;

- 18.1.6 immediately deliver at Franchisee's sole cost and expense, to Franchisor the Manual and all records, files, instructions, correspondence, invoices, agreements, all confidential, proprietary and copyrighted material and all other materials related to operation of the Franchised Business, including but not limited to customer lists and records, (all of which are acknowledged to be Franchisor's property), delete all electronic copies and retain no copy or record of any of the foregoing, except Franchisee's copy of this Agreement and of any correspondence between the parties and any other documents that Franchisee reasonably needs for compliance with any provision of law;
- 18.1.7 comply with the non-disclosure and non-competition covenants contained in Article 19; and
- 18.1.8 in the event this Agreement is terminated due to Franchisee's default, pay Franchisor a lump sum payment (as liquidated damages and not as a penalty) in an amount equal to: (a) the average monthly Royalty Fee and Brand Fund Contribution payable by Franchisee over the twelve (12) month period immediately prior to the date of termination (or such shorter time period if the Franchised Business has been open less than twelve (12) months); (b) multiplied by the lesser of (i) twenty-four (24) months or (ii) the number of months then remaining in the then-current term of this Agreement. Franchisee acknowledges that a precise calculation of the full extent of the damages Franchisor will incur in the event of termination of this Agreement as a result of Franchisee's default is difficult to determine and that this lump sum payment is reasonable in light thereof. The liquidated damages payable by Franchisee pursuant to this Section 18.1.8 shall be in addition to all other amounts payable under this Agreement and shall not affect Franchisor's right to obtain appropriate injunctive relief and remedies pursuant to any other provision of this Agreement.

18.2 Right to Purchase.

- 18.2.1 Franchisor shall have the option, to be exercised within thirty (30) days after termination or expiration of this Agreement, to purchase from Franchisee any or all of the furnishings, equipment (including any point of sale system), signs, fixtures, advertising materials, supplies, and inventory of Franchisee related to the operation of the Franchised Business, at Franchisee's cost or fair market value, whichever is less. Franchisor shall purchase Franchisee's assets free and clear of any liens, charges, encumbrances or security interests and Franchisor shall assume no liabilities whatsoever, unless otherwise agreed to in writing by the parties. If the parties cannot agree on the fair market value within thirty (30) days of Franchisor's exercise of its option, fair market value shall be determined by two (2) appraisers, with each party selecting one (1) appraiser, and the average of their determinations shall be binding. In the event of such appraisal, each party shall bear its own legal and other costs and shall split the appraisal fees equally. If Franchisor elects to exercise its option to purchase herein provided, it shall have the right to set off (i) all fees for any such independent appraiser due from Franchisee, (ii) all amounts due from Franchisee to Franchisor or any of its affiliates and (iii) any costs incurred in connection with any escrow arrangement (including reasonable legal fees),

against any payment therefor and shall pay the remaining amount in cash. Closing of the purchase shall take place no later than thirty (30) days after determination of the fair market value.

18.2.2 With respect to the options described in Sections 18.2.1, Franchisee shall deliver to Franchisor in a form satisfactory to Franchisor, such warranties, releases of lien, bills of sale, assignments and such other documents and instruments that Franchisor deems necessary in order to perfect Franchisor's title and possession in and to the assets being purchased or assigned and to meet the requirements of all tax and government authorities. If, at the time of closing, Franchisee has not obtained all of these certificates and other documents, Franchisor may, in its sole discretion, place the purchase price in escrow pending issuance of any required certificates or documents.

18.2.3 Franchisor shall be entitled to assign any and all of its option in Section 18.2.1 to any other party, without the consent of Franchisee.

18.3 Assignment of Telephone Numbers. Franchisee, at the option of Franchisor, shall assign to Franchisor all rights to the telephone numbers of the Franchised Business and any related public directory listing or other business listings and execute all forms and documents required by Franchisor and any telephone company at any time, to transfer such service and numbers to Franchisor. Further, Franchisee shall assign to Franchisor any and all social media and internet listings, domain names, internet advertising, websites, listings with search engines, electronic mail addresses or any other similar listing or usage related to the Franchised Business. Notwithstanding any forms and documents that may have been executed by Franchisee under Section 11.7, Franchisee shall provide Franchisor with all passwords and administrative rights, and hereby appoints Franchisor its true and lawful agent and attorney-in-fact with full power and authority, for the sole purpose of taking such action as is necessary to complete such assignment. This power of attorney shall survive the expiration or termination of this Agreement. Franchisee shall thereafter use different telephone numbers, electronic mail addresses or other listings or usages at or in connection with any subsequent business conducted by Franchisee.

18.4 Survival. The rights and obligations of the parties contained in this Article 18 shall survive the expiration or sooner termination of this Agreement.

19. NON-DISCLOSURE AND NON-COMPETITION COVENANTS

19.1 Operations Manual.

19.1.1 Franchisor has provided to Franchisee, on loan, a current copy of the Manual. The Manual may be in hard copy or made available to Franchisee in digital, electronic or computerized form or in some other form now existing or hereafter developed that would allow Franchisee to view the contents thereof. If the Manual (or any changes thereto) are provided in a form other than physical copy, Franchisee shall pay any and all costs to retrieve, review, use or access the Manual. To protect the reputation and goodwill of Franchisor and to maintain high standards of operation

under Franchisor's Marks, Franchisee shall operate all aspects of the Franchised Business in accordance with the Manual, as they may from time to time be modified by Franchisor, other written directives that Franchisor may issue to Franchisee from time to time, whether or not such directives are included in the Manual, and any other manual and materials created or approved for use in the operation of the Franchised Business.

- 19.1.2 Franchisee and any and all Principals shall at all times treat the Manual, written directives, and other materials and any other confidential communications or materials, and the information contained therein, as confidential and shall maintain such information as trade secret and confidential in accordance with this Article and this Agreement. Franchisee and Franchisee's Principals, if any, shall not divulge and make such materials available to anyone other than those of Franchisee's employees who require the information contained therein to operate the Franchised Business. Franchisee shall, prior to disclosure, fully train and inform its employees on all the restrictions, terms and conditions under which it is permitted to use Franchisor's intellectual, proprietary and confidential information; and shall ensure its employees' compliance with such restrictions, terms and conditions. Franchisee, Franchisee's Principals, and any person working with Franchisee shall agree not, at any time to use, copy, duplicate, record or otherwise reproduce these materials, in whole or in part, or otherwise make the same available to any person other than those authorized above, without Franchisor's prior written consent.
- 19.1.3 The Manual, written directives, and other materials and any other confidential communications provided or approved by Franchisor shall at all times remain the sole property of Franchisor. Franchisee shall maintain the Manual and all Franchisor's confidential and proprietary materials at all times in a safe and secure location, shall take all reasonable measures to prevent unauthorized access thereto, whether any attempted unauthorized access takes the form of physical access or access via computer or telecommunications networks or otherwise, and shall report the theft or loss of the Manual, or any portion thereof, immediately to Franchisor. At a minimum, Franchisee shall, in the case of computer and telecommunications networks, use the latest available firewall, encryption and similar technology to prevent unauthorized access. Franchisee shall delete all electronic copies and return and cease using any physical copy of the Manual and other confidential and proprietary materials to Franchisor immediately upon request or upon transfer, termination or expiration of this Agreement.
- 19.1.4 Franchisor may from time to time revise the contents of the Manual and other materials created or approved for use in the operation of the Franchised Business. Franchisee expressly agrees to comply with each new or changed policy, standard or directive. In the event of any dispute as to the contents of the Manual, the terms of the master copy of the Manual maintained by Franchisor shall control.

19.1.5 If Franchisee loses, misplaces or otherwise requests a physical copy of the Manual, Franchisor, in its discretion, may provide such physical copy and Franchisee shall pay Franchisor the then-current replacement fee.

19.2 Confidential Information. Franchisee along with its Principals acknowledge and accept that during the term of this Agreement, Franchisee and any Principal will have access to Franchisor's trade secrets, including, but not limited to, processes, supplies, methods, formulas, customer lists, vendor partnerships and/or relationships, sales and technical information, financial information, costs, product prices and names, software tools and applications, website and/or email design, products, services, equipment, technologies and procedures relating to the operation of the Franchised Business; the Manual; methods of advertising and promotion; training materials; any other information which Franchisor may or may not specifically designate as "confidential" or "proprietary"; and the components of the System, whether or not such information is protected or protectable by patent, copyright, trade secret or other proprietary rights (collectively referred to herein as the "Confidential Information"). Neither Franchisee nor any Principal shall, during the term of this Agreement and thereafter, communicate or divulge to, or use for the benefit of, any other person or entity, and, following the expiration or termination of this Agreement, shall not use for their own benefit, any Confidential Information that may be communicated to Franchisee or any Principal or of which Franchisee or any Principal may be apprised in connection with the operation of the Franchised Business under the terms of this Agreement. Franchisee and any Principal shall not divulge and make any Confidential Information available to anyone other than those of Franchisee's employees who require the Confidential Information to operate the Franchised Business and who have themselves entered into confidentiality and non-compete agreements containing the same provisions as contained in this Agreement, in accordance with Section 19.10 hereof. Franchisee and any Principal shall not at any time copy, duplicate, record or otherwise reproduce any Confidential Information, in whole or in part, or otherwise make the same available to any person other than those authorized above, without Franchisor's prior written consent. The covenant in this Section 19.2 shall survive the expiration, termination or transfer of this Agreement or any interest herein and shall be perpetually binding upon Franchisee and each Principal.

19.3 Protection of Information. Franchisee shall take all steps necessary, at Franchisee's own expense, to protect the Confidential Information and shall immediately notify Franchisor if Franchisee finds that any Confidential Information has been divulged in violation of this Agreement.

19.4 New Concepts. If Franchisee or any Principal develops any new concept, process, product, supply, method, formula, or improvement in the operation or promotion of the Franchised Business ("Improvements"), Franchisee is required to promptly notify Franchisor and provide Franchisor with all related information, processes, products, design or other improvements, and sign any and all forms, documents and/or papers necessary for Franchisor to obtain full proprietary rights to such Improvements, without compensation and without any claim of ownership or proprietary rights to such Improvements. Franchisee and any Principal acknowledge that any such Improvements

will become the property of Franchisor, and Franchisor may use or disclose such information to other franchisees as it determines to be appropriate.

19.5 Noncompetition Covenants. Franchisee and each Principal, if any, specifically acknowledge that, pursuant to this Agreement, Franchisee and each Principal, if any, will receive valuable training, trade secrets and Confidential Information of the System that are beyond the present knowledge, training and experience of Franchisee, each Principal and Franchisee's managers and employees. Franchisee and each Principal, if any, acknowledge that such specialized training, trade secrets and Confidential Information provide a competitive advantage and will be valuable to them in the development and operation of the Franchised Business, and that gaining access to such specialized training, trade secrets and Confidential Information is, therefore, a primary reason why Franchisee and each Principal, if any, are entering into this Agreement. In consideration for such specialized training, trade secrets, Confidential Information and rights, Franchisee and each Principal, if any, covenant that, except as otherwise approved in writing by Franchisor:

19.5.1 During the term of this Agreement, Franchisee and each Principal shall not, either directly or indirectly (including through a spouse, child, or other family member), for themselves or through, on behalf of, or in conjunction with, any person or entity (i) divert, or attempt to divert, any business or customer of the Franchised Business or of other franchisees in the System to any competitor, by direct or indirect inducement or otherwise; (ii) participate as an owner, partner, director, officer, employee, consultant or agent or serve in any other capacity in any retail apparel printing business similar to the System; (iii) do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Marks and the System; or (iv) in any manner interfere with, disturb, disrupt, decrease or otherwise jeopardize the business of the Franchisor or any Big Frog franchisees or Franchisor-affiliated outlets.

19.5.2 Upon the expiration or earlier termination of this Agreement or upon a Transfer and continuing for twenty-four (24) months thereafter, Franchisee and Principals shall not, either directly or indirectly (including through a spouse, child, or other family member), for themselves or through, on behalf of or in conjunction with any person or entity (i) divert, or attempt to divert, any business or customer of the Franchised Business or of other franchisees in the System to any competitor, by direct or indirect inducement or otherwise; or (ii) participate as an owner, partner, director, officer, employee, consultant or agent or serve in any other capacity in any retail apparel printing business similar to the System within fifteen (15) miles of the Territory or any Big Frog location; or (iii) do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Marks and the System or (iv) in any manner interfere with, disturb, disrupt, decrease or otherwise jeopardize the business of the Franchisor or any Big Frog franchisees.

19.6 Reasonableness of Restrictions. Franchisee and each Principal, if any, acknowledges and agrees that the covenants not to compete set forth in this Agreement are fair and

reasonable and will not impose any undue hardship on Franchisee or Principals, if any, since Franchisee or Principals, as the case may be, have other considerable skills, experience and education which afford Franchisee or Principals, as the case may be, the opportunity to derive income from other endeavors.

- 19.7 Reduction of Time or Scope. If the period of time or the geographic scope specified above, should be adjudged unreasonable in any proceeding, then the period of time will be reduced by such number of months or the geographic scope will be reduced by the elimination of such portion thereof, or both, so that such restrictions may be enforced for such time and scope as are adjudged to be reasonable. In addition, Franchisor shall have the right, in its sole discretion, to reduce the scope of any covenant set forth in this Paragraph 19 or any portion thereof, without Franchisee's consent, effective immediately upon receipt by Franchisee of written notice thereof, and Franchisee agrees to forthwith comply with any covenant as so modified.
- 19.8 Injunctive Relief. Franchisee and each Principal, if any, acknowledges that a violation of the covenants not to compete contained in this Agreement would result in immediate and irreparable injury to Franchisor for which no adequate remedy at law will be available. Accordingly, Franchisee and each Principal, if any, hereby consents to the entry of an injunction prohibiting any conduct by Franchisee or any Principal in violation of the terms of the covenants not to compete set forth in this Agreement.
- 19.9 No Defense. Franchisee and each Principal, if any, expressly agree that the existence of any claims they may have against Franchisor, whether or not arising from this Agreement, shall not constitute a defense to the enforcement by Franchisor of the covenants in this Article 19.
- 19.10 Covenants of Employees, Agents and Third Persons. Franchisee shall require and obtain execution of covenants similar to those set forth in this Article 19 (including covenants applicable upon the termination of a person's employment with Franchisee) from all employees, contractors or third persons who will have access to Franchisor's confidential and proprietary information. Such covenants shall be substantially in the form set forth in Attachment 10 as revised and updated from time to time and contained in the Manual.

20. DISPUTE RESOLUTION

- 20.1 Internal Dispute Resolution. Franchisee shall first bring any claim, controversy or dispute arising out of or relating to this Agreement, the Attachments hereto or the relationship created by this Agreement to Franchisor's president and/or chief executive officer for resolution. After providing notice as set forth in Section 21.7 below, Franchisee must exhaust this internal dispute resolution procedure before Franchisee may bring Franchisee's dispute before a third party. This agreement to first attempt resolution of disputes internally shall survive termination or expiration of this Agreement.
- 20.2 Mediation. At Franchisor's option, any claim, controversy or dispute that is not resolved pursuant to Section 20.1 hereof shall be submitted to non-binding mediation. Franchisee

shall provide Franchisor with written notice of Franchisee's intent to pursue any unresolved claim, controversy or dispute, specifying in sufficient detail the nature thereof, prior to commencing any legal action. Franchisor shall have thirty (30) days following receipt of Franchisee's notice to exercise Franchisor's option to submit such claim, controversy or dispute to mediation. Mediation shall be conducted through a mediator or mediators in accordance with the American Arbitration Association Commercial Mediation Rules. Such mediation shall take place in the then-current location of Franchisor's corporate headquarters. The costs and expenses of mediation, including compensation and expenses of the mediator (and except for the attorney's fees incurred by either party), shall be borne by the parties equally. Franchisor may specifically enforce Franchisor's rights to mediation, as set forth herein.

- 20.3 Governing Law and Venue. This Agreement is made in, and shall be substantially performed in, the State of Florida. Any claims, controversies, disputes or actions arising out of this Agreement shall be governed, enforced and interpreted pursuant to the laws of the State of Florida. Franchisee and its Principals, except where specifically prohibited by law, hereby irrevocably submit themselves to the sole and exclusive jurisdiction of the state and federal courts in Florida. Franchisee and its Principals hereby waive all questions of personal jurisdiction for the purpose of carrying out this provision.
- 20.4 Mutual Benefit. Franchisee, each Principal, if any, and Franchisor acknowledge that the parties' agreement regarding applicable state law and forum set forth in Section 20.3 provide each of the parties with the mutual benefit of uniform interpretation of this Agreement and any dispute arising hereunder. Each of Franchisee, Principals, if any, and Franchisor further acknowledge the receipt and sufficiency of mutual consideration for such benefit and that each party's agreement regarding applicable state law and choice of forum have been negotiated in good faith and are part of the benefit of the bargain reflected by this Agreement.
- 20.5 Waiver of Jury Trial and Certain Damages. Franchisee and each Principal hereby waive, to the fullest extent permitted by law, any right to or claim for (i) a trial by jury in any action, proceeding or counterclaim brought by or against Franchisor, and (ii) any punitive, exemplary, incidental, indirect, special, consequential or other damages (including, without limitation, loss of profits) against Franchisor, its affiliates, and their respective officers, directors, shareholders, partners, agents, representatives, independent contractors, servants and employees, in their corporate and individual capacities, arising out of any cause whatsoever. Each of Franchisee and Principal(s) agree that in the event of a dispute, Franchisee and each Principal shall be limited to the recovery of any actual damages sustained.
- 20.6 Injunctive Relief. Nothing herein contained (including, without limitation, Sections 20.1 through 20.3 above) shall bar Franchisor from the right to obtain immediate injunctive relief from any court of competent jurisdiction against threatened conduct by Franchisee that may cause Franchisor loss or damage, under the usual equity rules, including the applicable rules for obtaining specific performance, restraining orders, and preliminary injunctions.

20.7 Limitations of Claims. Any and all claims asserted by Franchisee arising out of or relating to this Agreement or the relationship among the parties will be barred unless a proceeding for relief is commenced within one (1) year from the date on which Franchisee knew or should have known of the facts giving rise to such claims.

20.8 Attorney's Fees. In the event of any action in law or equity by and between Franchisor and Franchisee concerning the operation, enforcement, construction or interpretation of this Agreement, the prevailing party in such action shall be entitled to recover reasonable attorney's fees and court costs incurred.

21. GENERAL

21.1 Relationship of the Parties.

21.1.1 Independent Contractor. Franchisee is and shall be an independent contractor under this Agreement, and no partnership shall exist between Franchisee and Franchisor. This Agreement does not constitute Franchisee as an agent, legal representative, or employee of Franchisor for any purpose whatsoever, and Franchisee is not granted any right or authority to assume or create any obligation for or on behalf of, or in the name of, or in any way to bind Franchisor. Franchisee agrees not to incur or contract any debt or obligation on behalf of Franchisor or commit any act, make any representation, or advertise in any manner which may adversely affect any right of Franchisor or be detrimental to Franchisor or other franchisees of Franchisor. Franchisor does not assume any liability, and will not be considered liable, for any agreements, representations, or warranties made by you which are not expressly authorized under this Agreement. Franchisor will not be obligated for any damages to any person or property which directly or indirectly arise from or relate to your operation of the Franchised Business. Pursuant to the above, Franchisee agrees to indemnify Franchisor and hold Franchisor harmless from any and all liability, loss, attorneys' fees, or damage Franchisor may suffer as a result of claims, demands, taxes, costs, or judgments against Franchisor arising out of any allegation of an agent, partner, or employment relationship.

21.1.2 No Relationship. Franchisee acknowledges and agrees that Franchisee alone exercises day-to-day control over all operations, activities, and elements of the Franchised Business, and that under no circumstance shall Franchisor do so or be deemed to do so. Franchisee further acknowledges and agrees, and will never claim otherwise, that the various restrictions, prohibitions, specifications, and procedures of the System which Franchisee is required to comply with under this Agreement, whether set forth in Franchisor's Operations Manual or otherwise, does not directly or indirectly constitute, suggest, infer or imply that Franchisor controls any aspect or element of the day-to-day operations of the Franchised Business, which Franchisee alone

controls, but only constitute standards Franchisee must adhere to when exercising control of the day-to-day operations of the Franchised Business.

- 21.1.3 Franchisee's Employees. Franchisee acknowledges and agrees that any training Franchisor provides for Franchisee's employees is geared to impart to those employees, with Franchisee's ultimate authority, the various procedures, protocols, systems, and operations of a Big Frog outlet and in no fashion reflects any employment relationship between Franchisor and such employees. If ever it is asserted that Franchisor is the employer, joint employer or co-employer of any of Franchisee's employees in any private or government investigation, action, proceeding, arbitration or other setting, Franchisee irrevocably agree to assist Franchisor in defending said allegation, appearing at any venue requested by Franchisor to testify on Franchisor's behalf participate in depositions, other appearances or preparing affidavits rejecting any assertion that Franchisor is the employer, joint employer or co-employer of any of Franchisee's employees.
- 21.2 Successors. This Agreement shall bind and inure to the benefit of the successors and assigns of Franchisor and shall be personally binding on and inure to the benefit of Franchisee (including the individuals executing this Agreement on behalf of the Franchisee entity) and its or their respective heirs, executors, administrators and successors or assigns; provided, however, the foregoing provision shall not be construed to allow a transfer of any interest of Franchisee or Principals, if any, in this Agreement or the Franchised Business, except in accordance with Article 16 hereof.
- 21.3 Invalidity of Part of Agreement. Should any provisions in this Agreement, for any reason, be declared invalid, then such provision shall be invalid only to the extent of the prohibition without in any way invalidating or altering any other provision of this Agreement.
- 21.4 Entire Agreement. This Agreement, including all attachments, is the entire agreement of the parties, superseding all prior written or oral agreements of the parties concerning the same subject matter, and superseding all prior written or oral representations made to Franchisee, provided that nothing in this Agreement is intended to disclaim the representations made to Franchisee in Franchisor's Franchise Disclosure Document. No agreement of any kind relating to the matters covered by this Agreement and no amendment of the provisions hereof shall be binding upon either party unless and until the same has been made in writing and executed by all interested parties.
- 21.5 Construction. All terms and words used in this Agreement, regardless of the number and gender in which they are used, shall be deemed and construed to include any other number, singular or plural, and any other gender, masculine, feminine or neuter, as the context or sense of this Agreement or any provision herein may require, as if such words had been fully and properly written in the appropriate number and gender. All covenants, agreements and obligations assumed herein by Franchisee and any Principals shall be deemed to be joint and several covenants, agreements and obligations of each of the persons named as Franchisee, if more than one person is so named.

- 21.6 Captions. Captions and section headings are used herein for convenience only. They are not part of this Agreement and shall not be used in construing it.
- 21.7 Notices. Whenever notice is required or permitted to be given under the terms of this Agreement, it shall be given in writing, and be delivered personally or by certified mail or courier, postage prepaid, addressed to the party for whom intended, and shall be deemed given on the date of delivery or delivery is refused. All such notices shall be addressed to the party to be notified at their respective addresses as set forth in the introductory paragraph of this Agreement, or at such other address or addresses as the parties may from time to time designate in writing.
- 21.8 Effect of Waivers. No waiver, delay, omission or forbearance on the part of Franchisor to exercise any right, option, duty or power arising from any default or breach by Franchisee shall affect or impair the rights of Franchisor with respect to any subsequent default of the same or of a different kind. Any use by Franchisee of the System or any part thereof at any place other than at the Franchised Business location shall not give Franchisee any rights not specifically granted hereunder. Failure to take action to stop such use shall not in any event be considered a waiver of the rights of Franchisor at any time to require Franchisee to restrict said use to the Franchised Business location.
- 21.9 Remedies Cumulative. All rights and remedies of the parties to this Agreement shall be cumulative and not alternative, in addition to and not exclusive of any other rights or remedies that are provided for herein or that may be available at law or in equity in case of any breach, failure or default or threatened breach, failure or default of any term, provision or condition of this Agreement or any other agreement between Franchisee or any of its affiliates and Franchisor or any of its affiliates. The rights and remedies of the parties to this Agreement shall be continuing and shall not be exhausted by any one or more uses thereof, and may be exercised at any time or from time to time as often as may be expedient; and any option or election to enforce any such right or remedy may be exercised or taken at any time and from time to time. The expiration, earlier termination or exercise of Franchisor's rights pursuant to Article 17 shall not discharge or release Franchisee or any Principal from any liability or obligation then accrued, or any liability or obligation continuing beyond, or arising out of, the expiration, the earlier termination or the exercise of such rights under this Agreement.
- 21.10. Consent to Do Business Electronically. The parties to the Franchise Agreement hereby consent to do business electronically. Pursuant to the Uniform Electronic Transactions Act as adopted by the State of Florida, the parties hereby affirm to each other that they agree with the terms of the Franchise Agreement and its Attachments, and by attaching their signature electronically to the Franchise Agreement, they are executing the document and intending to attach their electronic signature to it. Furthermore, the parties acknowledge that the other parties to the Franchise Agreement can rely on an electronic signature as the respective party's signature.

21.11 Counterparts. This Agreement may be executed in multiple counterparts, each of which when so executed shall be an original, and all of which shall constitute one and the same instrument.

21.12 Survival. Any obligation of Franchisee or any Principal that contemplates performance of such obligation after termination or expiration of this Agreement or the transfer of any interest of Franchisee or any Principal therein shall be deemed to survive such termination, expiration or transfer.

22 ACKNOWLEDGMENTS. Franchisee shall acknowledge the truthfulness of the statements contained in Attachment 1 hereto. Franchisee's acknowledgements are an inducement for Franchisor to enter into this Agreement. Franchisee shall immediately notify Franchisor, prior to acknowledgment, if any statement in Attachment 1 is incomplete or incorrect.

-Remainder of Page Intentionally Blank-

The parties hereto have executed this Franchise Agreement on the day and year first above written.

FRANCHISOR:

BIG FROG CUSTOM T-SHIRTS, INC.

By: _____

_____,
(Print Name, Title)

FRANCHISEE:

By: _____

_____,
(Print Name, Title)

PRINCIPAL:

(Print Name)

PRINCIPAL:

(Print Name)

ATTACHMENT 1

FRANCHISEE ACKNOWLEDGEMENT STATEMENT

Franchisee hereby acknowledges the following:

1. Franchisee has conducted an independent investigation of all aspects relating to the financial, operational and other aspects of the business of operating the Franchised Business. Franchisee further acknowledges that, except as may be set forth in Franchisor's Disclosure Document, no representations of performance (financial or otherwise) for the Franchised Business provided for in this Agreement has been made to Franchisee by Franchisor and Franchisee and any and all Principals hereby waive any claim against Franchisor for any business failure Franchisee may experience as a franchisee under this Agreement.

Initial

2. Franchisee has conducted an independent investigation of the business contemplated by this Agreement and understands and acknowledges that the business contemplated by this Agreement involves business risks making the success of the venture largely dependent upon the business abilities and participation of Franchisee and its efforts as an independent business operation.

Initial

3. Franchisee agrees that no claims of success or failure have been made to it or him or her prior to signing the Franchise Agreement and that it/she/he understands all the terms and conditions of the Franchise Agreement. Franchisee further acknowledges that the Franchise Agreement contains all oral and written agreements, representations and arrangements between the parties hereto, and any rights which the respective parties hereto may have had under any other previous contracts are hereby cancelled and terminated, and that this Agreement cannot be changed or terminated orally.

Initial

4. Franchisee has no knowledge of any representations by Franchisor or its officers, directors, shareholders, employees, sales representatives, agents or servants, about the business contemplated by the Franchise Agreement that are contrary to the terms of the Franchise Agreement or the documents incorporated herein. Franchisee acknowledges that no representations or warranties are made or implied, except as specifically set forth in the Franchise Agreement. Franchisee represents, as an inducement to Franchisor's entry into this Agreement, that it has made no misrepresentations in obtaining the Franchise Agreement.

Initial

5. Franchisor expressly disclaims the making of, and Franchisee acknowledges that it has not received or relied upon, any warranty or guarantee, express or implied, as to the potential volume, profits or success of the business venture contemplated by the Franchise Agreement.

Initial

6. Franchisee acknowledges that Franchisor's approval or acceptance of Franchisee's Business location does not constitute a warranty, recommendation or endorsement of the location for the Franchised Business, nor any assurance by Franchisor that the operation of the Franchised Business at the premises will be successful or profitable.

Initial

7. Franchisee acknowledges that it has received the Big Frog Custom T-Shirts, Inc. Franchise Disclosure Document with a complete copy of the Franchise Agreement and all related Attachments and agreements at least fourteen (14) calendar days prior to the date on which the Franchise Agreement was executed. Franchisee further acknowledges that Franchisee has read such Franchise Disclosure Document and understands its contents.

Initial

8. Franchisee acknowledges that it has had ample opportunity to consult with its own attorneys, accountants and other advisors and that the attorneys for Franchisor have not advised or represented Franchisee with respect to the Franchise Agreement or the relationship thereby created.

Initial

9. Franchisee, together with Franchisee's advisers, has sufficient knowledge and experience in financial and business matters to make an informed investment decision with respect to the Franchise granted by the Franchise Agreement.

Initial

10. Franchisee is aware of the fact that other present or future franchisees of Franchisor may operate under different forms of agreement(s), and consequently that Franchisor's obligations and rights with respect to its various franchisees may differ materially in certain circumstances.

Initial

11. It is recognized by the parties that Franchisor is also (or may become) a manufacturer or distributor of certain products under the Marks licensed herein; and it is understood that Franchisor does not

warrant that such products will not be sold within the Franchisee's Territory by others who may have purchased such products from Franchisor.

Initial

12. BY EXECUTING THE FRANCHISE AGREEMENT, FRANCHISEE AND ANY PRINCIPAL, INDIVIDUALLY AND ON BEHALF OF FRANCHISEE'S AND SUCH PRINCIPAL'S HEIRS, LEGAL REPRESENTATIVES, SUCCESSORS AND ASSIGNS, HEREBY FOREVER RELEASE AND DISCHARGE BIG FROG CUSTOM T-SHIRTS, INC., AND ANY PARENT COMPANY, SUBSIDIARIES, DIVISIONS, AFFILIATES, SUCCESSORS, ASSIGNS AND DESIGNEES, AND THE FOREGOING ENTITIES' DIRECTORS, OFFICERS, EMPLOYEES, AGENTS, SHAREHOLDERS, SUCCESSORS, DESIGNEES AND REPRESENTATIVES FROM ANY AND ALL CLAIMS, DEMANDS AND JUDGMENTS RELATING TO OR ARISING UNDER THE STATEMENTS, CONDUCT, CLAIMS OR ANY OTHER AGREEMENT BETWEEN THE PARTIES EXECUTED PRIOR TO THE DATE OF THE FRANCHISE AGREEMENT, INCLUDING, BUT NOT LIMITED TO, ANY AND ALL CLAIMS, WHETHER PRESENTLY KNOWN OR UNKNOWN, SUSPECTED OR UNSUSPECTED, ARISING UNDER THE FRANCHISE, SECURITIES, TAX OR ANTITRUST LAWS OF THE UNITED STATES OR OF ANY STATE OR TERRITORY THEREOF.

Initial

FRANCHISEE:

By: _____

(Print Name, Title)

Date: _____

PRINCIPAL:

(Print Name)

Date: _____

PRINCIPAL:

(Print Name)

Date: _____

ATTACHMENT 2

Service Mark:



Big Frog

Big Frog Custom T-Shirts & More

ATTACHMENT 3

TERRITORY DESCRIPTION AND APPROVED LOCATION

****TERRITORY AND ADDRESS TO BE DETERMINED AND INSERTED AFTER AN APPROVED LOCATION IS DETERMINED IN/AROUND _____.**

Territory (insert map and/or define by zip codes):

Approved Location Address:

ATTACHMENT 4

GENERAL RELEASE

_____ (“Franchisee”) and its principal(s):

(collectively, “Franchisee’s Principal(s)”), on behalf of themselves and their respective officers, directors, employees, successors, assigns, heirs, personal representatives, and all other persons acting on their behalf or claiming under them (collectively, the “Franchisee Releasors”), hereby release, discharge and hold harmless Big Frog Custom T-Shirts, Inc. (“Franchisor”) and Franchisor’s affiliates, officers, directors, members, shareholders, employees, agents, attorneys, successors, and assigns (collectively, the “Franchisor Releasees”) from any suits, claims, controversies, rights, promises, debts, liabilities, demands, obligations, costs, expenses, actions, and causes of action of every nature, character and description, in law or in equity, whether presently known or unknown, vested or contingent, suspected or unsuspected arising under, relating to, or in connection with the Franchise Agreement dated _____, between Franchisee and Franchisor and any related agreements and the relationship created thereby, or the Franchised Business operated under the Franchise Agreement, or any claims or representations made relative to the sale of the franchise to operate such Franchised Business or under any federal or state franchise or unfair or deceptive trade practice laws, which any of the Franchisee Releasors now own or hold or have at any time heretofore owned or held against the Franchisor Releasees (collectively, the “Franchisee Released Claims”).

FRANCHISEE AND FRANCHISEE’S PRINCIPAL(S) ON BEHALF OF THEMSELVES AND THE FRANCHISEE RELEASORS WAIVE ANY RIGHTS AND BENEFITS CONFERRED BY ANY APPLICABLE PROVISION OF LAW EXISTING UNDER ANY FEDERAL, STATE OR POLITICAL SUBDIVISION THEREOF WHICH WOULD INVALIDATE ALL OR ANY PORTION OF THE RELEASE CONTAINED HEREIN BECAUSE SUCH RELEASE MAY EXTEND TO CLAIMS WHICH THE FRANCHISEE RELEASORS DO NOT KNOW OR SUSPECT TO EXIST IN THEIR FAVOR AT THE TIME OF EXECUTION OF THIS AGREEMENT.

The Franchisee Releasors also covenant not to bring any suit, action, or proceeding, or make any demand or claim of any type, against any Franchisor Releasees with respect to any Franchisee Released Claim, and Franchisee and Franchisee’s Principal(s) shall defend, indemnify and hold harmless each of Franchisor Releasees against same.

The foregoing Release is executed as of _____.

FRANCHISEE:

By: _____

Name: _____

Title: _____

PRINCIPAL:

Name: _____

PRINCIPAL:

Name: _____

ATTACHMENT 5

AUTHORIZATION AGREEMENT AUTOMATIC DEPOSITS (ACH WITHDRAWALS)

Franchisor Name: **BIG FROG CUSTOM T-SHIRTS, INC.**

I (We) hereby authorize Big Frog Custom T-Shirts, Inc., hereinafter called Franchisor, to initiate debit entries to my (our) Checking Account/Savings Account (Select One) indicated below at the depository financial institution named below, and to debit the same to such account. I (We) acknowledge that the origination of ACH transactions to my (our) account must comply with the provisions of U.S. Law, and that I will be responsible for any banking fees that my institution charges.

Financial Institution Name: _____ Branch: _____

City: _____ State: _____ Zip: _____ Phone: _____

ACH/Routing Number: _____ Account Number: _____
(Nine Digits)

This authorization is to remain in full force and effect until Franchisor has received a written replacement ACH Withdrawal Form notification from me. I (We) understand that revocation of this Authorization Agreement by me (us) may constitute an event of Default under the Franchise Agreement.

I (We) understand that the amount to be withdrawn by Franchisor will not be the same each month and I (We) therefore authorize all monetary transfers pursuant to Articles 6 and 18 of the Franchise Agreement.

Print Franchisee / Account Holder Name

Print Franchisee/Co-Account Holder Name

Franchisee/ Account Holder Signature-Date

Franchisee/Co-Account Holder Signature-Date

Daytime Phone Number

Email Address

PLEASE ATTACH A VOIDED CHECK TO THIS FORM

Please Return Form to:

BIG FROG CUSTOM T-SHIRTS, INC.
533 Main Street, Dunedin, Florida 34698
727-286-8985

ATTACHMENT 6

CONDITIONAL ASSIGNMENT OF LEASE

FOR VALUE RECEIVED, the undersigned _____
_____ ("Assignor") hereby assigns and transfers to Big Frog Custom T-Shirts, Inc., a Florida corporation, with a notice address of 533 Main Street, Dunedin, Florida 34698 ("Assignee"), all of Assignor's right, title and interest as tenant in, to and under that certain lease, a copy of which shall be attached hereto (the "Lease") respecting premises commonly known as _____
_____. This 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 Assignment or the Lease unless Assignee takes possession of the premises demised by the Lease pursuant to the terms hereof and assumes the obligations of Assignor thereunder.

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

Upon a default by Assignor under the Lease or under the franchise agreement for a Big Frog outlet between Assignee and Assignor (the "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 such event, Assignor shall have no further right, title or interest in the Lease.

Assignor agrees that it will not suffer or permit any surrender, termination, amendment or modification of the Lease without the prior written consent of Assignee. Throughout 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 not less than thirty (30) days prior to the last day that the option must be exercised, unless Assignee otherwise agrees in writing. If Assignee does not otherwise agree in writing, and upon failure of Assignor to so elect to extend or renew the Lease as aforesaid, Assignor hereby appoints Assignee as its true and lawful attorney-in-fact to exercise such extension or renewal options in the name, place and stead of Assignor for the purpose of effecting such extension or renewal.

ASSIGNOR:

DATED: _____

By: _____

CONSENT AND AGREEMENT OF LANDLORD

to that Conditional Assignment of Lease from _____ (Assignor) to Big Frog Custom T-Shirts, Inc. (Assignee) dated _____, for the property known as _____.

The undersigned Landlord under the aforescribed Lease further hereby:

- (a) Agrees to notify Assignee in writing of and upon the failure of Assignor to cure any default by Assignor under the Lease;
- (b) Agrees that Assignee shall have the right, but shall not be obligated, to cure any default by Assignor under the Lease within thirty (30) days after delivery by Landlord of notice thereof in accordance with paragraph (a) above;
- (c) Consents to the foregoing Conditional Assignment and agrees that if Assignee takes possession of the premises demised by the Lease and confirms to Landlord the assumption of the Lease by Assignee as tenant thereunder, Landlord shall recognize Assignee as tenant under the Lease, provided that Assignee cures within the thirty (30) day period the non-monetary defaults, if any, of Assignor under the Lease;
- (d) Agrees that Assignee may further assign the Lease to a person, firm or corporation who shall agree to assume the tenant's obligations under the Lease and who is reasonably acceptable to Landlord and upon such assignment Assignee shall have no further liability or obligation under the Lease as assignee, tenant or otherwise.
- (e) Permits Assignee to enter upon the premises without being guilty of trespass or any other crime or tort to de-identify the premises as a Big Frog outlet if tenant fails to do so following termination of the Franchise Agreement or Lease, provided that Assignee shall repair any damage caused thereby.

DATED: _____

LANDLORD:

By: _____

(Name, Title)

ATTACHMENT 7

INTERNET ADVERTISING, SOCIAL MEDIA AND TELEPHONE ACCOUNT AGREEMENT

THIS INTERNET ADVERTISING, SOCIAL MEDIA AND TELEPHONE ACCOUNT AGREEMENT (the “Agreement”) is made and entered into this day of _____ (the “Effective Date”) by and between Big Frog Custom T-Shirts, Inc., a Florida corporation (the “Franchisor”), and _____, a _____, _____ and _____ (collectively “Franchisee”).

WHEREAS, Franchisee desires to enter into a franchise agreement with Franchisor for a Big Frog business (“Franchise Agreement”) which will allow Franchisee to conduct internet-based advertising, maintain social media accounts, and use telephone listings linked to the Big Frog brand.

WHEREAS, Franchisor would not enter into the Franchise Agreement without Franchisee’s agreement to enter into, comply with, and be bound by all the terms and provisions of this Agreement;

NOW, THEREFORE, for and in consideration of the foregoing and the mutual promises and covenants contained herein, and in further consideration of the Franchise Agreement and the mutual promises and covenants contained therein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. Definitions

All terms used but not otherwise defined in this Agreement shall have the meanings set forth in the Franchise Agreement. “Termination” of the Franchise Agreement shall include, but shall not be limited to, the voluntary termination, involuntary termination, or natural expiration thereof.

2. Internet Advertising and Telephone Accounts

2.1 Interest in Websites, Social Media Accounts and Other Electronic Listings. Franchisee may acquire (whether in accordance with or in violation of the Franchise Agreement) during the term of Franchise Agreement, certain right, title, or interest in and to certain domain names, social media accounts, hypertext markup language, uniform resource locator addresses, access to corresponding internet websites, and the right to hyperlink to certain websites and listings on various internet search engines (collectively, “Electronic Advertising”) related to the Franchised Business or the Marks.

2.2 Interest in Telephone Numbers and Listings. Franchisee has or will acquire during the term of the Franchise Agreement, certain right, title, and interest in and to those certain telephone numbers and regular, classified, internet page, and other telephone directory listings (collectively, the “Telephone Listings”) related to the Franchised Business or the Marks.

2.3 Transfer. On Termination of the Franchise Agreement, or on periodic request of Franchisor, Franchisee will immediately:

2.3.1 direct all internet service providers, domain name registries, internet search engines, social media companies, and other listing agencies (collectively, the “Internet Companies”) with which Franchisee has Electronic Advertising: (i) to transfer all of Franchisee’s interest in such Electronic Advertising to Franchisor; and (ii) to execute such documents and take such actions as may be necessary

to effectuate such transfer. In the event Franchisor does not desire to accept any or all such Electronic Advertising, Franchisee will immediately direct the Internet Companies to terminate such Electronic Advertising or will take such other actions with respect to the Electronic Advertising as Franchisor directs; and

2.3.2 direct all telephone companies, telephone directory publishers, and telephone directory listing agencies (collectively, the “Telephone Companies”) with which Franchisee has Telephone Listings: (i) to transfer all Franchisee’s interest in such Telephone Listings to Franchisor; and (ii) to execute such documents and take such actions as may be necessary to effectuate such transfer. In the event Franchisor does not desire to accept any or all such Telephone Listings, Franchisee will immediately direct the Telephone Companies to terminate such Telephone Listings or will take such other actions with respect to the Telephone Listings as Franchisor directs.

2.4 Appointment; Power of Attorney. Franchisee hereby constitutes and appoints Franchisor and any officer or agent of Franchisor, for Franchisor’s benefit under the Franchise Agreement and this Agreement or otherwise, with full power of substitution, as Franchisee’s true and lawful attorney-in-fact with full power and authority in Franchisee’s place and stead, and in Franchisee’s name or the name of any affiliated person or affiliated company of Franchisee, to take any and all appropriate action and to execute and deliver any and all documents that may be necessary or desirable to accomplish the purposes of this Agreement. Franchisee further agrees that this appointment constitutes a power coupled with an interest and is irrevocable until Franchisee has satisfied all of its obligations under the Franchise Agreement and any and all other agreements to which Franchisee and any of its affiliates on the one hand, and Franchisor and any of its affiliates on the other, are parties, including without limitation this Agreement. Without limiting the generality of the foregoing, Franchisee hereby grants to Franchisor the power and right to do the following:

2.4.1 Direct the Internet Companies to transfer all Franchisee’s interest in and to the Electronic Advertising to Franchisor, or alternatively, to direct the Internet Companies to terminate any or all of the Electronic Advertising;

2.4.2 Direct the Telephone Companies to transfer all Franchisee’s interest in and to the Telephone Listings to Franchisor, or alternatively, to direct the Telephone Companies to terminate any or all of the Telephone Listings; and

2.4.3 Execute such standard assignment forms or other documents as the Internet Companies and/or Telephone Companies may require in order to affect such transfers or terminations of Franchisee’s interest.

2.5 Certification of Termination. Franchisee hereby directs the Internet Companies and Telephone Companies to accept, as conclusive proof of Termination of the Franchise Agreement, Franchisor’s written statement, signed by an officer or agent of Franchisor, that the Franchise Agreement has terminated.

2.6 Cessation of Obligations. After the Internet Companies and the Telephone Companies have duly transferred all Franchisee’s interests as described in paragraph 2.3 above to Franchisor, as between Franchisee and Franchisor, Franchisee will have no further interest in, or obligations with respect to the particular Electronic Advertising and/or Telephone Listing. Notwithstanding the foregoing, Franchisee will remain liable to each and all of the Internet Companies and Telephone Companies for the respective sums Franchisee is obligated to pay to them for obligations Franchisee incurred before the date Franchisor duly accepted the transfer of such interests, or for any other obligations not subject to the Franchise Agreement or this Agreement.

3. **Miscellaneous**

3.1 **Release.** Franchisee hereby releases, remises, acquits, and forever discharges each and all of the Internet Companies and/or Telephone Companies and each and all of their parent corporations, subsidiaries, affiliates, directors, officers, stockholders, employees, and agents, and the successors and assigns of any of them, from any and all rights, demands, claims, damage, losses, costs, expenses, actions, and causes of action whatsoever, whether in tort or in contract, at law or in equity, known or unknown, contingent or fixed, suspected or unsuspected, arising out of, asserted in, assertible in, or in any way related to this Agreement.

3.2 **Indemnification.** Franchisee is solely responsible for all costs and expenses related to its performance, its nonperformance, and Franchisor's enforcement of this Agreement, which costs and expenses Franchisee will pay Franchisor in full, without defense or setoff, on demand. Franchisee agrees that it will indemnify, defend, and hold harmless Franchisor and its affiliates, and its and their directors, officers, shareholders, partners, members, employees, agents, and attorneys, and the successors and assigns of any and all of them, from and against, and will reimburse Franchisor and any and all of them for, any and all loss, losses, damage, damages, claims, debts, claims, demands, or obligations that are related to or are based on this Agreement.

3.3 **No Duty.** The powers conferred on Franchisor hereunder are solely to protect Franchisor's interests and shall not impose any duty on Franchisor to exercise any such powers. Franchisee expressly agrees that in no event shall Franchisor be obligated to accept the transfer of any or all of Franchisee's interest in any matter hereunder.

3.4 **Further Assurances.** Franchisee agrees that at any time after the date of this Agreement, Franchisee will perform such acts and execute and deliver such documents as may be necessary to assist in or accomplish the purposes of this Agreement.

3.5 **Successors, Assigns, and Affiliates.** All Franchisor's rights and powers, and all Franchisee's obligations, under this Agreement shall be binding on Franchisee's successors, assigns, and affiliated persons or entities as if they had duly executed this Agreement.

3.6 **Effect on Other Agreements.** Except as otherwise provided in this Agreement, all provisions of the Franchise Agreement and attachments and schedules thereto shall remain in effect as set forth therein.

3.7 **Survival.** This Agreement shall survive the Termination of the Franchise Agreement.

3.8 **Governing Law.** This Agreement shall be governed by and construed under the laws of the State of Florida, without regard to the application of Florida conflict of law rules.

-Remainder of Page Intentionally Blank-

The undersigned have executed or caused their duly authorized representatives to execute this Agreement as of the Effective Date.

FRANCHISOR:

BIG FROG CUSTOM T-SHIRTS, INC.

By: _____

_____,
(Print Name, Title)

FRANCHISEE:

By: _____

_____,
(Print Name, Title)

PRINCIPAL:

(Print Name)

PRINCIPAL:

(Print Name)

ATTACHMENT 8

STATEMENT OF OWNERSHIP INTERESTS IN FRANCHISEE/ENTITY

Name

Percentage of Ownership

ATTACHMENT 9

SPOUSAL GUARANTY

This Guaranty and Covenant (this “Guaranty”) is given by the undersigned (“Guarantor”) on _____ (the “Effective Date”), to Big Frog Custom T-Shirts, Inc., a Florida corporation (“Franchisor”), in order to induce Franchisor to enter into that certain Franchise Agreement dated on or about the Effective Date hereof (the “Franchise Agreement”) with _____, a(n) _____, _____, _____ and _____ (collectively “Franchisee”).

Guarantor acknowledges that Guarantor is the spouse of Franchisee’s Principal, as that term is used in the Franchise Agreement.

Guarantor acknowledges that Guarantor has read the terms and conditions of the Franchise Agreement and acknowledges that the execution of this Guaranty are in partial consideration for, and a condition to the granting of, the rights granted in the Franchise Agreement to Franchisee, and that Franchisor would not have granted these rights without the execution of this Guaranty by Guarantor.

Guarantor hereby individually makes, agrees to be bound by, and agrees to perform, all of the monetary obligations and non-competition covenants and agreements of the Franchisee as set forth in the Franchise Agreement, including but not limited to, the covenants set forth in Sections 19.2, 19.5, 19.6, 19.8 and 19.9 of the Franchise Agreement (“Guaranteed Obligations”). Guarantor shall perform and/or make punctual payment to Franchisor of the Guaranteed Obligations in accordance with the terms of the Franchise Agreement or other applicable document forthwith upon demand by Franchisor.

This Guaranty is an absolute and unconditional continuing guaranty of payment and performance of the Guaranteed Obligations. This Guaranty shall not be discharged by renewal of any claims guaranteed by this instrument, change in ownership or control of the Franchisee entity, transfer of the Franchise Agreement, the suffering of any indulgence to any debtor, extension of time of payment thereof, nor the discharge of Franchisee by bankruptcy, operation of law or otherwise. Presentment, demand, protest, notice of protest and dishonor, notice of default or nonpayment and diligence in collecting any obligation under any agreement between Franchisee and Franchisor are each and all waived by Guarantor and/or acknowledged as inapplicable. Guarantor waives notice of amendment of any agreement between Franchisee and Franchisor and notice of demand for payment by Franchisee. Guarantor further agrees to be bound by any and all amendments and changes to any agreement between Franchisee and Franchisor.

Franchisor may pursue its rights against Guarantor without first exhausting its remedies against Franchisee and without joining any other guarantor hereto and no delay on the part of Franchisor in the exercise of any right or remedy shall operate as a waiver of such right or remedy, and no single or partial exercise by Franchisor of any right or remedy shall preclude the further exercise of such right or remedy.

If other guarantors have guaranteed any and or all of the Guaranteed Obligations, their liability shall be joint and several to that of Guarantor.

Until all of the Guaranteed Obligations have been paid in full and/or performed in full, Guarantor shall not have any right of subrogation, unless expressly given to Guarantor in writing by Franchisor.

All Franchisor's rights, powers and remedies hereunder and under any other agreement now or at any time hereafter in force between Franchisor and Guarantor shall be cumulative and not alternative and shall be in addition to all rights, powers and remedies given to Franchisor by law.

Should any one or more provisions of this Guaranty be determined to be illegal or unenforceable, all other provisions nevertheless shall remain effective.

This Guaranty shall extend to and inure to the benefit of Franchisor and its successors and assigns and shall be binding on Guarantor and its successors and assigns.

Guarantor has signed this Guaranty as of the date set forth above.

GUARANTOR - SPOUSE OF FRANCHISEE'S PRINCIPAL:

Print Name:_____

Print Address:_____

ATTACHMENT 10

CONFIDENTIALITY AND NON-COMPETE AGREEMENT

This Confidentiality and Non-Compete Agreement (the “Agreement”) is made and entered into this _____, by _____, a(n) _____ (“Franchisee”), a franchisee of Big Frog Custom T-Shirts, Inc., a Florida corporation (“Franchisor”), and _____, an individual (“Covenantor”), in connection with a franchise agreement.

WHEREAS, Franchisee and Franchisor are parties to a franchise agreement dated _____ (the “Franchise Agreement”), whereby Franchisor has granted Franchisee the right to use certain trademarks, including, the registered trademarks Big Frog® and Big Frog Custom T-Shirts & More® and design mark, and certain proprietary products, services, promotions and methods (the “System”) for the establishment and operation of Franchised Business outlets;

WHEREAS, in connection with his or her duties, it will be necessary for Covenantor to have access to some or all of the confidential information, knowledge, know-how, techniques, contents of the Big Frog operations manual and other materials used in or related to the System and/or concerning the methods of operation of the System (collectively referred to as “Confidential Information”);

WHEREAS, the Confidential Information provides economic advantages to Franchisor and licensed users of the System, including Franchisee;

WHEREAS, Franchisee has acknowledged the importance of restricting the use, access and dissemination of the Confidential Information, and Franchisee therefore has agreed to obtain from Covenantor a written agreement protecting the Confidential Information and further protecting the System against unfair competition; and

WHEREAS, Covenantor acknowledges that receipt of and the right to use the Confidential Information constitutes independent valuable consideration for the representations, promises and covenants made by Covenantor herein.

NOW, THEREFORE, in consideration of the mutual covenants and obligations contained herein, the parties agree as follows:

1. Confidentiality Agreement.

a. Covenantor shall, at all times, maintain the confidentiality of the Confidential Information and shall use such Confidential Information only in the course of his or her employment by or association with Franchisee in connection with the operation of a Franchised Business under the Franchise Agreement.

b. Covenantor shall not at any time make copies of any documents or compilations containing some or all of the Confidential Information without Franchisor's express written permission.

c. Covenantor shall not at any time disclose or permit the disclosure of the Confidential Information except, and only then to the limited extent necessary, to those employees of Franchisee for training and assisting such employees in the operation of the Franchised Business.

d. Covenantor shall surrender any material containing some or all of the Confidential Information to Franchisee or Franchisor, upon request, or upon termination of employment or association with Franchisee.

e. Covenantor shall not at any time, directly or indirectly, do any act or omit to do any act that would or would likely be injurious or prejudicial to the goodwill associated with the System.

f. Covenantor agrees that no Confidential Information may be reproduced, in whole or in part, without written consent.

2. Covenants Not to Compete.

a. In order to protect the goodwill and unique qualities of the System, and in consideration for the disclosure to Covenantor of the Confidential Information, Covenantor further agrees and covenants that during Covenantor's employment or association with Franchisee, Covenantor shall not, for Covenantor or through, on behalf of or in conjunction with any person or entity:

(i) divert, or attempt to divert, any business or customer of the Big Frog outlet or of other franchisees in the System to any competitor, by direct or indirect inducement or otherwise, or

(ii) participate as an owner, partner, director, officer, employee, consultant or agent or serve in any other capacity in any retail apparel printing business.

b. In further consideration for the disclosure to Covenantor of the Confidential Information and to protect the goodwill and unique qualities of the System, Covenantor further agrees and covenants that, upon the termination of Covenantor's employment or association with Franchisee and continuing for two (2) years thereafter, Covenantor shall not, for Covenantor or through, on behalf of or in conjunction with any person or entity:

(i) divert, or attempt to divert, any business or customer of the Franchised Business or of other franchisees in the Big Frog System to any competitor, by direct or indirect inducement or otherwise, or

(ii) participate as an owner, partner, director, officer, employee, or consultant or serve in any other managerial, operational or supervisory capacity in any retail apparel printing business similar to the System within fifteen (15) miles of Franchisee's Big Frog outlet or any Big Frog location.

c. The parties acknowledge and agree that each of the covenants contained herein are reasonable limitations as to time, geographical area, and scope of activity to be restrained and do not impose a greater restraint than is necessary to protect the goodwill or other business interests of Franchisor.

d. If the period of time or the geographic scope specified in Section 2.b. above, should be adjudged unreasonable in any proceeding, then the period of time will be reduced by such number of months or the geographic scope will be reduced by the elimination of such portion thereof, or both, so that such restrictions may be enforced for such time and scope as are adjudged to be reasonable. In addition, Franchisor shall have the right, in its sole discretion, to reduce the scope of any covenant set forth in this Agreement or any portion thereof, without Covenantor's or Franchisee's consent, effective immediately upon receipt by Covenantor of written notice thereof, and Covenantor agrees to forthwith comply with any covenant as so modified.

3. General.

a. Franchisee shall take full responsibility for ensuring that Covenantor acts as required by this Agreement.

b. Covenantor agrees that in the event of a breach of this Agreement, Franchisor would be irreparably injured and be without an adequate remedy at law. Therefore, in the event of such a breach, or threatened or attempted breach of any of the provisions hereof, Franchisee is obligated to enforce the provisions of this Agreement and shall be entitled, in addition to any other remedies that are made available to it at law or in equity, to a temporary and/or permanent injunction and a decree for the specific performance of the terms of this Agreement, without the necessity of showing actual or threatened harm and without being required to furnish a bond or other security.

c. Covenantor agrees to pay all expenses (including court costs and reasonable attorneys' fees) incurred by Franchisor and Franchisee in enforcing this Agreement.

d. Any failure of Franchisee to object to or take action with respect to any breach of any provision of this Agreement by Covenantor shall not operate or be construed as a waiver of or consent to that breach or any subsequent breach by Covenantor.

e. THIS AGREEMENT SHALL BE INTERPRETED BY AND CONSTRUED AND ENFORCED IN ACCORDANCE WITH THE LAWS OF THE STATE OF FLORIDA, WITHOUT REFERENCE TO FLORIDA CHOICE OF LAW PRINCIPLES. COVENANTOR HEREBY IRREVOCABLY SUBMITS HIMSELF OR HERSELF TO THE JURISDICTION OF THE STATE AND FEDERAL COURTS OF THE STATE OF FLORIDA. COVENANTOR HEREBY WAIVES ALL QUESTIONS OF PERSONAL JURISDICTION OR

VENUE FOR THE PURPOSE OF CARRYING OUT THIS PROVISION. COVENANTOR HEREBY AGREES THAT SERVICE OF PROCESS MAY BE MADE UPON COVENANTOR IN ANY PROCEEDING RELATING TO OR ARISING UNDER THIS AGREEMENT OR THE RELATIONSHIP CREATED BY THIS AGREEMENT BY ANY MEANS ALLOWED BY FLORIDA OR FEDERAL LAW. COVENANTOR FURTHER AGREES THAT VENUE FOR ANY PROCEEDING RELATING TO OR ARISING OUT OF THIS AGREEMENT SHALL BE IN FLORIDA; PROVIDED, HOWEVER, WITH RESPECT TO ANY ACTION THAT INCLUDES INJUNCTIVE RELIEF OR OTHER EXTRAORDINARY RELIEF, FRANCHISOR OR FRANCHISEE MAY BRING SUCH ACTION IN ANY COURT IN ANY STATE THAT HAS JURISDICTION.

f. The parties agree that each of the foregoing covenants contained herein shall be construed as independent of any other covenant or provision of this Agreement.

g. Covenantor acknowledges and agrees that each of the covenants contained herein will not impose any undue hardship on Covenantor since Covenantor has other considerable skills, experience and education which affords Covenantor the opportunity to derive income from other endeavors.

h. This Agreement contains the entire agreement of the parties regarding the subject matter hereof. This Agreement may be modified only by a duly authorized writing executed by all parties.

i. All notices and demands required to be given hereunder shall be in writing and shall be delivered personally or by certified or registered mail, postage prepaid, addressed to the party for whom intended, and shall be deemed given on the date of delivery or the date delivery is refused. All such notices shall be addressed to the party to be notified at the following addresses:

If directed to Franchisee: _____

If directed to Covenantor: _____

Any change in the foregoing addresses shall be effected by giving written notice of such change to the other parties.

j. Franchisor is an intended third-party beneficiary of this Agreement, and Franchisor may take whatever action it deems necessary to enforce Covenantor's obligations hereunder. The rights and remedies of Franchisor under this Agreement are fully assignable and transferable and shall inure to the benefit of its respective affiliates, successors and assigns.

k. The respective obligations of Franchisee and Covenantor hereunder may not be assigned by Franchisee or Covenantor, without the prior written consent of Franchisor.

The undersigned have entered into this Confidentiality and Non-Compete Agreement as witnessed by their signatures below.

FRANCHISEE:

By:_____

Name:_____

Title:_____

COVENANTOR:

Name:_____

EXHIBIT B:
FINANCIAL STATEMENTS

**Big Frog Custom T-Shirts, Inc.
d/b/a Big Frog Franchise Group**

Financial Statements

December 31, 2020, 2019 and 2018



**BIG FROG CUSTOM T-SHIRTS, INC.
D/B/A BIG FROG FRANCHISE GROUP
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INDEPENDENT AUDITOR'S REPORT

To the Managing Members of
Big Frog Custom T-Shirts, Inc.
d/b/a Big Frog Franchise Group
Dunedin, Florida

We have audited the accompanying financial statements of Big Frog Custom T-Shirts, Inc. d/b/a Big Frog Franchise Group (the Company), which comprise the balance sheets as of December 31, 2020, 2019, and 2018 and the related statements of operations, changes in stockholders' equity, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

CONTINUED

INDEPENDENT AUDITOR'S REPORT - CONTINUED

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Big Frog Custom T-Shirts, Inc., d/b/a Big Frog Franchise Group, as of December 31, 2020, 2019, and 2018, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

PDR CPAs + Advisors

Oldsmar, Florida
February 24, 2021

**BIG FROG CUSTOM T-SHIRTS, INC.
D/B/A BIG FROG FRANCHISE GROUP
BALANCE SHEETS
DECEMBER 31, 2020, 2019, AND 2018**

	<u>2020</u>	<u>2019</u>	<u>2018</u>
<u>ASSETS</u>			
Current Assets			
Cash and equivalents	\$ 826,135	\$ 451,104	\$ 347,483
Accounts receivable, net	100,421	166,823	223,573
Inventories	30,716	23,896	36,385
Prepaid expenses and other current assets	49,557	98,220	130,632
Current portion of notes receivable from franchises	-	977	46,180
Total current assets	<u>1,006,829</u>	<u>741,020</u>	<u>784,253</u>
Property and Equipment, Net	81,610	92,558	103,453
Other Assets			
Notes receivable from franchises, net of current portion	-	-	1,020
Intangible assets, net	9,709	18,848	24,840
	<u>9,709</u>	<u>18,848</u>	<u>25,860</u>
	<u>\$ 1,098,148</u>	<u>\$ 852,426</u>	<u>\$ 913,566</u>
<u>LIABILITIES AND STOCKHOLDERS' EQUITY</u>			
Current Liabilities			
Line of credit	\$ 33,534	\$ 11,000	\$ -
Accounts payable	22,067	64,608	109,633
Accrued expenses	19,992	5,671	3,326
Current portion of deferred revenue	28,552	81,948	-
Marketing accrual fund, net	-	-	208,074
Current portion of notes payable	39,456	36,701	32,367
Total current liabilities	<u>143,601</u>	<u>199,928</u>	<u>353,400</u>
Long-Term Liabilities			
Deferred revenue, net	66,097	75,097	134,275
Long-term notes payable, net	363,042	145,488	182,015
	<u>429,139</u>	<u>220,585</u>	<u>316,290</u>
Total liabilities	572,740	420,513	669,690
Stockholders' Equity (Deficit)			
Common stock, \$.01 par value, 1,000,000 shares authorized, and 964,500 shares issued and outstanding	9,645	9,645	9,645
Additional paid-in capital	262,105	262,105	262,105
Accumulated surplus (deficit)	253,658	160,163	(27,874)
	<u>525,408</u>	<u>431,913</u>	<u>243,876</u>
	<u>\$ 1,098,148</u>	<u>\$ 852,426</u>	<u>\$ 913,566</u>

See accompanying notes to financial statements

**BIG FROG CUSTOM T-SHIRTS, INC.
D/B/A BIG FROG FRANCHISE GROUP
STATEMENTS OF OPERATIONS
YEARS ENDED DECEMBER 31, 2020, 2019, AND 2018**

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Revenues			
Franchise royalty revenue	\$ 1,335,229	\$ 1,766,592	\$ 1,558,283
Merchandise and other income	944,664	948,637	1,161,992
Franchise fees	309,848	192,226	429,950
Franchise advertising revenue	202,242	302,450	-
Total revenues	2,791,983	3,209,905	3,150,225
Cost of Goods Sold	534,105	585,173	756,724
Gross profit	2,257,878	2,624,732	2,393,501
Operating Expenses			
Payroll expenses	1,128,462	1,269,230	1,208,352
Other operating expense	534,181	671,373	696,565
Franchise commissions and consulting fees	64,242	58,650	105,192
Franchise advertising expense	215,371	334,676	-
Rent	86,863	89,601	93,166
Bad debt expense	134,797	105,848	30,389
Depreciation and amortization	21,507	21,991	18,127
Total operating expenses	2,185,423	2,551,369	2,151,791
Income from operations	72,455	73,363	241,710
Other Income (Expense)			
Loss on sale of asset	-	-	(5,667)
Income from debt forgiveness	16,733	-	-
Other income	63,084	-	-
Interest income	4,925	10,316	26,215
Interest expense	(7,394)	(18,917)	(18,257)
	77,348	(8,601)	2,291
Net Income	<u>\$ 149,803</u>	<u>\$ 64,762</u>	<u>\$ 244,001</u>

See accompanying notes to financial statements

**BIG FROG CUSTOM T-SHIRTS, INC.
D/B/A BIG FROG FRANCHISE GROUP
STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
YEARS ENDED DECEMBER 31, 2020, 2019, AND 2018**

	<u>Common Stock Shares</u>	<u>Amount</u>	<u>Additional Paid-in Capital</u>	<u>Accumulated Surplus (Deficit)</u>	<u>Total Stockholders' Equity</u>
Balance at December 31, 2017	964,500	\$ 9,645	\$ 262,105	\$ (212,811)	\$ 58,939
Distribution to stockholders	-	-	-	(59,064)	(59,064)
Net income	<u>-</u>	<u>-</u>	<u>-</u>	<u>244,001</u>	<u>244,001</u>
Balance at December 31, 2018	964,500	9,645	262,105	(27,874)	243,876
Adoption of ASC 606	-	-	-	217,075	217,075
Distribution to stockholders	-	-	-	(93,800)	(93,800)
Net income	<u>-</u>	<u>-</u>	<u>-</u>	<u>64,762</u>	<u>64,762</u>
Balance at December 31, 2019	964,500	9,645	262,105	160,163	431,913
Distribution to stockholders	-	-	-	(56,308)	(56,308)
Net income	<u>-</u>	<u>-</u>	<u>-</u>	<u>149,803</u>	<u>149,803</u>
Balance at December 31, 2020	<u>964,500</u>	<u>\$ 9,645</u>	<u>\$ 262,105</u>	<u>\$ 253,658</u>	<u>\$ 525,408</u>

See accompanying notes to financial statements

**BIG FROG CUSTOM T-SHIRTS, INC.
D/B/A BIG FROG FRANCHISE GROUP
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2020, 2019, AND 2018**

	2020	2019	2018
Cash Flows from Operating Activities			
Net income	\$ 149,803	\$ 64,762	\$ 244,001
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	21,507	21,991	18,127
Amortization of debt issuance cost	788	788	788
Bad debt expense	134,797	105,848	30,389
Forgiveness of long-term notes payable	(16,733)	-	-
Loss on sale of asset	-	-	5,667
Decrease (Increase) in:			
Accounts receivable	(68,395)	(49,098)	(34,612)
Inventories	(6,820)	12,489	8,965
Prepaid expenses and other assets	48,663	97,736	(43,885)
Notes receivable from franchises	977	46,223	16,105
Increase (Decrease) in:			
Accounts payable	(42,541)	(45,024)	29,321
Accrued expenses	14,321	2,345	2,980
Deferred revenue	(62,396)	(33,553)	(199,100)
Marketing fund accrual	-	-	(14,310)
Net cash provided by operating activities	<u>173,971</u>	<u>224,507</u>	<u>64,436</u>
Cash Flows from Investing Activities:			
Purchases of property and equipment	(1,420)	(2,155)	(22,164)
Purchases of intangible asset	-	(2,950)	(25,100)
Proceeds from the sale of property and equipment	-	-	4,000
Net cash used in investing activities	<u>(1,420)</u>	<u>(5,105)</u>	<u>(43,264)</u>
Cash Flows from Financing Activities			
Distributions	(56,308)	(93,800)	(59,064)
Proceeds from long-term notes payable	257,800	-	-
Repayment of long-term notes payable	(21,546)	(32,981)	(30,715)
Proceeds from line of credit	39,000	50,000	-
Repayment of line of credit	(16,466)	(39,000)	-
Net cash provided by (used in) financing activities	<u>202,480</u>	<u>(115,781)</u>	<u>(89,779)</u>
Net Increase (Decrease) in Cash and Equivalents	375,031	103,621	(68,607)
Cash and Equivalents at Beginning of Year	451,104	347,483	416,090
Cash and Equivalents at End of Year	<u>\$ 826,135</u>	<u>\$ 451,104</u>	<u>\$ 347,483</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:			
Cash paid for interest during the year	<u>\$ 6,606</u>	<u>\$ 18,129</u>	<u>\$ 17,469</u>

See accompanying notes to financial statements

**BIG FROG CUSTOM T-SHIRTS, INC.
D/B/A BIG FROG FRANCHISE GROUP
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020, 2019, AND 2018**

NOTE A - GENERAL

Nature of Operations

Big Frog Custom T-Shirts, Inc., d/b/a Big Frog Franchise Group (the Company), was formed to offer franchises to qualified professionals including, without limitation, entrepreneurs, business developers, and people looking to start their own opportunity (Franchisees) to operate their own franchised business (Big Frog Custom T-Shirts) and provide custom decorated t-shirts and apparel, and is incorporated in the state of Florida. The Franchise Agreement grants Franchisees the right to purchase printing equipment, forms, supplies, advertising materials, and merchandise from the Company and approved suppliers to sell custom printed products to their customers. Franchisees are licensed to use the Big Frog brand name, within a conditionally designated geographic territory for an initial term of ten years with renewal rights. The Company has Franchisees in the United States of America and Canada.

The Company provides a comprehensive initial training program for the Franchisees. Throughout the term of the Franchise Agreement, the Company continues to provide operational assistance, marketing programs, advertising materials, support systems, and special educational curricula to accommodate the developing needs of the franchise system. The Company's proprietary method for doing business as a franchise is set forth in the Confidential Operations Manual that, during the term of the Franchise Agreement, is loaned to the Franchisee and periodically updated by the Company to include newly developed information and operating procedures.

The Franchisees' initial costs to set up a Big Frog Custom T-Shirt Franchise generally range from \$175,200 to \$242,800. The Company will provide certain services and products to the Franchisees for these fees. The complete details of the fees to be paid by the Franchisees and the services, products, and equipment are listed in the Company's Franchise Disclosure Document (FDD), which is in substantial compliance with Federal Trade Commission (FTC) regulations entitled "Disclosure Requirements and Prohibition Concerning Franchise and Business Opportunity Ventures," as set forth in 16 CFR, Section 436.1, et. seq. (FTC franchise).

The Franchise Agreement currently establishes a monthly royalty fee of 6% of gross revenue, with a minimum monthly fee of \$1,200; the minimum monthly fee is effective 6 months subsequent to the franchise opening for business. For franchises granted from 2012 through March 2014, the monthly royalty fee is 5% of gross revenue up to \$240,000, 4% for gross revenue from \$240,000 to \$360,000, 3.5% for gross revenue from \$360,000 to \$480,000 and 3% on gross revenue above \$480,000. Royalty fees for new Franchisees are applied beginning the first month in which the Franchisee opens their Big Frog Custom T-Shirt store.

**BIG FROG CUSTOM T-SHIRTS, INC.
D/B/A BIG FROG FRANCHISE GROUP
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020, 2019, AND 2018**

NOTE A - GENERAL - CONTINUED

Nature of Operations - Continued

The Company does not presently operate any company-owned Big Frog Custom T-Shirt stores similar to franchises being offered. As of December 31, 2020, 2019 and 2018, 109, 107, and 103 Big Frog Custom T-Shirts franchises have been granted to Franchisees, respectively, and 85, 91, and 93 are in operation, respectively. Of the franchises granted, 2 were granted during 2020, 4 were granted during 2019, and 5 were granted during 2018. During the years ended December 31, 2020, 2019, and 2018, 8, 3, and 3 franchises, respectively, transferred ownership.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

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

Use of Estimates

The preparation of financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates. Significant estimates include useful lives of related assets, collectability of accounts and notes receivable, and estimates used in revenue recognition of franchise sales.

Cash and Equivalents

Operating cash primarily consists of amounts held on deposit at commercial banks. For the purposes of the statements of cash flows, management considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

Financial instruments which potentially subject the Company to concentrations of credit risk consist principally of cash held in financial institutions in excess of federally insured limits. From time to time throughout the years ended December 31, 2020, 2019, and 2018, the Company's cash balance may have exceeded the federally insured limit. However, the Company has not experienced and does not expect to incur any losses in such accounts.

**BIG FROG CUSTOM T-SHIRTS, INC.
D/B/A BIG FROG FRANCHISE GROUP
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020, 2019, AND 2018**

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Accounts Receivable

Accounts receivable at December 31, 2020, 2019, and 2018 represent the remaining balances due on new franchisee agreements after the completion of the equipment installation and the net realizable value of supply sales to Franchisees, as well as royalty and other fees charged in accordance with the franchise agreement. Management continually evaluates the need for an allowance for doubtful accounts based on existing economic conditions, the financial conditions of the franchisees, and the amount and age of past due accounts. Accounts are written off against the allowance for doubtful accounts when determined uncollectable. As of December 31, 2020, 2019, and 2018, the allowance for doubtful accounts was \$65,000.

Inventories

The Company holds inventories of ink cartridges, printers, and supplies, which are sold to the Franchisees for their direct to garment printing services. Inventories are stated at the lower of average cost or net realizable value with cost determined by the first-in, first-out method. Management has determined a reserve for obsolete or slow-moving inventory is not necessary.

Property and Equipment

Property and equipment are recorded at cost when acquired. Depreciation is provided by charges to operations using the straight-line method over the estimated useful lives of the assets. The lives used in computing depreciation are as follows:

	<u>Years</u>
Computer equipment	3 - 7
Furniture and fixtures	5 - 7
Leasehold improvements	5 - 39
Office equipment	5 - 7

Expenditures for maintenance, repairs, and betterments which do not improve or extend the useful life of the respective asset are expensed. All other expenditures for renewals and betterments in excess of \$500 are capitalized. The assets and related depreciation accounts are adjusted for property retirements and disposals with the resulting gain or loss included in income.

Long-Lived Assets

When facts and circumstances indicate that the carrying values of long-lived assets may be impaired, an evaluation of recoverability is performed by comparing the carrying values of the assets to projected undiscounted future cash flows in addition to other quantitative and qualitative analyses. Upon indication that the carrying values of such assets may not be recoverable, the Company recognizes an impairment loss by a charge against current operations. There were no impairment charges related to long-lived assets for the years ended December 31, 2020, 2019, and 2018.

**BIG FROG CUSTOM T-SHIRTS, INC.
D/B/A BIG FROG FRANCHISE GROUP
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020, 2019, AND 2018**

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Intangible Assets

Intangible assets consist of a trademark, logo and software. The trademark and logo are amortized using the straight-line method over 10 to 20 years. The software is amortized using the straight-line method over 3 years.

Loan Costs

Loan costs associated with a financing arrangement are amortized using the straight-line method over 10 years, the length of the loan, and are classified as a reduction of the note payable balance on the balance sheets. Amortization expense for each of the years ended December 31, 2020, 2019, and 2018 amounted to \$788.

Revenue Recognition

Franchise revenues consist primarily of royalties, advertising revenue and initial and other fees. The franchise agreement requires payments to the Company for the initial franchise fee, as well as royalty, technology, and advertising fees. On January 1, 2019, the Company adopted the requirements of Accounting Standards Update 2014-09 (Topic 606), *Revenue from Contracts with Customers* (ASC 606). The Company's revenues are recognized as follows:

Franchise Fee Revenue and Deferred Revenue

Franchise fee revenues consist of an initial, non-refundable fee to enter into a franchise agreement. This initial fee is paid to the Company upon signing the franchise agreement. Under franchise agreements, franchisees are provided with the license of the Company's intellectual property, pre-opening services, post-opening services, advertising and other ongoing support. The Company has determined that the pre-opening services and post-opening services are both distinct performance obligations within the agreement. Pre-opening services includes site selection, business planning, and initial training. Post-opening services includes remaining operations training and marketing training. Services subsequent to the post-opening services are highly interrelated and management does not consider them to be individually distinct performance obligations and therefore accounts for them under ASC 606 as a single performance obligation.

Prior to adopting ASC 606, the initial franchise fee was recognized in full at the time the franchisee's store opened. Under ASC 606, the initial franchise fee is recorded as deferred revenue until it is recognized as revenue at the time the specific performance obligations are satisfied. The pre-opening services are considered satisfied when the franchisee's store opens.

**BIG FROG CUSTOM T-SHIRTS, INC.
D/B/A BIG FROG FRANCHISE GROUP
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020, 2019, AND 2018**

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Revenue Recognition - Continued

Franchise Fee Revenue and Deferred Revenue - Continued

The post-opening services are considered satisfied after the store has been open for ten weeks. The remaining initial franchise fee is recognized evenly over the term of the franchise agreement. If a franchise agreement is terminated, any remaining deferred franchise fees are recognized in the period of termination. The standard franchise transfer fee is \$9,500 and is recognized the same as an initial franchise fee.

The remaining unrecognized initial franchise fees are included in deferred revenue on the accompanying balance sheets and amounted to \$77,399, \$130,897, \$116,525 at December 31, 2020, 2019, and 2018, respectively.

Also included in deferred revenue are sponsorships collected from vendors to attend the Company's annual Frog-a-Thon convention, which totaled \$17,250, \$26,148, and \$17,750 at December 31, 2020, 2019, and 2018, respectively.

Franchise Royalty Revenue

Franchise royalty revenue consists of sales-based royalties that are recognized in the period the sales occur. Sales-based royalties are variable consideration related to the performance obligation of the franchisees maintaining the Company's intellectual property. The adoption of ASC 606 did not impact the recognition of franchise royalty revenue.

Franchise Advertising Revenue

The Company collects fees for a marketing fund to be used for future marketing endeavors on behalf of the franchisees. These fees are used to promote the Company as a whole, not a certain franchisee. Fees are billed to franchisees at 1.50% of gross monthly sales. Currently management has implemented a \$300 per month cap on marketing fees for franchises that meet timely reporting requirements. Prior to adopting ASC 606, the Company recorded franchise advertising expense net of advertising revenue as a liability on the balance sheet. Under ASC 606, advertising revenues and advertising expenses are shown gross on the statement of operations. During the years ended December 31, 2020, 2019, and 2018, fees collected were \$202,242, \$302,450, and \$285,938, respectively, and fees used for marketing expenses amounted to \$215,371, \$334,676, and \$294,630, respectively.

Merchandise Income

The costs of setting up a store at a Franchisee's office, leasehold improvements, furniture and other equipment, are the sole responsibility of the Franchisee and are not included in the initial franchise fee received by the Company. Printing supplies and equipment used in the operation of a Franchisee store are purchased separately from the Company and are recognized as revenue on the accrual basis as income when earned. The adoption of ASC 606 did not impact the recognition of merchandise income.

**BIG FROG CUSTOM T-SHIRTS, INC.
D/B/A BIG FROG FRANCHISE GROUP
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020, 2019, AND 2018**

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Revenue Recognition - Continued

Technology Fees

Technology fees are collected from each franchisee at a set fee each quarter. This fee is to pay for access to online software, the POS system, and other technology systems used to operate the store. The Company is considered an agent in this transaction and shows technology fees net of expenses on the accompanying statements of operations.

Master Franchisee Revenue

The Company has one master franchisee agreement that has certain specific terms. In addition to the initial franchise fee, the master franchisee is required to pay the Company royalty fees and support fees of 1.05% of gross sales of each franchisee. Additionally, a technology fee at a set amount per month and 100% of the monthly marketing fees are paid to the Company. All fees are recognized in accordance with conventional franchise agreements.

Franchise Referral and Commission Fees

The Company has agreements with several franchise brokers and employees to facilitate the referral of potential franchisees. Under these agreements, the Company pays fees for each franchise sold that was referred to the Company by the franchise brokers. Before implementing ASC 606, the Company recognized the franchise commission fee when the associated franchisee store was opened. Under ASC 606, the Company recognizes the franchise commission fee on the same basis as the associated franchise fee revenue.

Advertising Costs

Advertising and promotional costs for the Company are expensed in the period incurred. These costs amounted to \$216,591, \$336,134 and \$3,262 for the years ended December 31, 2020, 2019, and 2018, respectively. Included in these costs for the years ended December 31, 2020 and 2019 is \$215,371 and \$334,676, respectively, of advertising costs expensed on behalf of franchisees.

Income Taxes

The Company has elected S Corporation status under provisions of the Internal Revenue Code, which provides that the stockholders are taxed on the Company's taxable income. Accordingly, no provision for income taxes has been recorded in the financial statements.

**BIG FROG CUSTOM T-SHIRTS, INC.
D/B/A BIG FROG FRANCHISE GROUP
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020, 2019, AND 2018**

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Uncertain Tax Positions

The Company identifies and evaluates uncertain tax positions, if any, and recognizes the impact of uncertain tax positions for which there is a less than more-likely-than-not probability of the position being upheld when reviewed by the relevant taxing authority. Such positions are deemed to be unrecognized tax benefits and a corresponding liability is established on the balance sheet. The Company has not recognized a liability for uncertain tax positions. If there were an unrecognized tax benefit, the Company would recognize interest accrued related to unrecognized tax benefits in interest expense and penalties in operating expenses. The Company's tax years subject to examination by the Internal Revenue Service generally remain open for three years from the date of filing.

Reclassifications

Certain amounts in the 2019 and 2018 financial statements have been reclassified to conform to the 2020 presentation. Total stockholders' equity and net income are unchanged due to these reclassifications.

NOTE C - RELATED PARTY TRANSACTIONS

Operating Lease Agreements

The Company leases its facilities from BBD Real Estate Holdings, Inc., an independent corporation owned by certain stockholders of the Company. The facility is leased under an operating lease that expires March 31, 2021. The minimum future rental payments for the year ending December 31, 2021 are \$20,793.

Lease expense for the years ended December 31, 2020, 2019, and 2018 was \$85,824, \$88,826, and \$88,230, respectively, and is included as rent in the accompanying statements of operations.

NOTE D - PROPERTY AND EQUIPMENT

At December 31, 2020, 2019, and 2018, property and equipment consist of the following:

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Computer equipment	\$ 55,452	\$ 54,032	\$ 62,857
Furniture and fixtures	35,483	35,483	36,898
Leasehold improvements	71,960	71,960	71,960
Office equipment	15,633	15,633	16,092
	<u>178,528</u>	<u>177,108</u>	<u>187,807</u>
Less accumulated depreciation	<u>(96,918)</u>	<u>(84,550)</u>	<u>(84,354)</u>
Property and equipment, net	<u>\$ 81,610</u>	<u>\$ 92,558</u>	<u>\$ 103,453</u>

Depreciation expense was \$12,369, \$13,049, and \$15,851 for the years ended December 31, 2020, 2019, and 2018, respectively.

**BIG FROG CUSTOM T-SHIRTS, INC.
D/B/A BIG FROG FRANCHISE GROUP
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020, 2019, AND 2018**

NOTE E - NOTES RECEIVABLE FROM FRANCHISEES

The Company made working capital loans to certain Franchisees and agreed to finance receivables from certain Franchisees with monthly payments of principal and interest ranging from \$226 to \$863. The notes accrue interest at a rate of 7.50% per annum, mature in periods ranging from December 2019 to February 2020, and are unsecured. The total balance of the notes receivable from Franchisees at December 31, 2020, 2019, and 2018 is \$0, \$977, and \$47,200, respectively.

NOTE F - INTANGIBLE ASSETS

Intangible assets consist of the following at December 31:

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Logo	\$ 1,500	\$ 1,500	\$ 1,500
Trademark	3,895	3,895	2,195
Software	<u>26,350</u>	<u>26,350</u>	<u>25,100</u>
	31,745	31,745	28,795
Accumulated amortization	<u>(22,036)</u>	<u>(12,897)</u>	<u>(3,955)</u>
Intangible assets, net	<u><u>\$ 9,709</u></u>	<u><u>\$ 18,848</u></u>	<u><u>\$ 24,840</u></u>

Amortization expense for each of the years ended December 31, 2020, 2019, and 2018 amounted to \$9,138, \$8,942, and \$2,276, respectively. Future amortization expense for the following years ending December 31 are as follows:

<u>Years Ending December 31,</u>	<u>Amount</u>
2021	\$ 7,046
2022	493
2023	355
2024	355
2025	355
Thereafter	<u>1,105</u>
	<u><u>\$ 9,709</u></u>

**BIG FROG CUSTOM T-SHIRTS, INC.
D/B/A BIG FROG FRANCHISE GROUP
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020, 2019, AND 2018**

NOTE G - LINE OF CREDIT

During 2017, the Company entered into a \$50,000 line of credit with a bank. The line of credit is payable on demand. The interest rate is the prime rate plus 1%, with an effective rate of 4.25%, 5.75%, and 6.5% at December 31, 2020, 2019, and 2018, respectively. The line-of-credit is collateralized by the assets of the Company. At December 31, 2020, there was an \$33,534 outstanding balance and \$16,466 available line-of-credit. At December 31, 2019, there was an \$11,000 outstanding balance and \$39,000 available line-of-credit. At December 31, 2018, there was no outstanding balance and the available line-of-credit was \$50,000.

NOTE H - NOTES PAYABLE

SBA Financing Arrangement

During May 2014, the Company entered into a \$350,000 SBA financing arrangement with a lender consisting of monthly payments of principal and interest of \$3,886 and changed to \$4,057 in May 2018 and \$4,150 in May 2019. Beginning in May 2020, the monthly payment of principal and interest decreased to \$3,951. The note accrues interest at the prime rate, adjusted quarterly, plus 2.75% per annum (6%, 7.75%, and 8% at December 31, 2020, 2019, and 2018, respectively) and does not contain financial covenant requirements. The financing agreement matures in May 2024, is secured by the assets of the Company, and is guaranteed by the Company's stockholders. The balance of the note is as follows:

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Note payable	\$ 147,323	\$ 185,601	\$ 218,582
Loan costs	(7,875)	(7,875)	(7,875)
Accumulated amortization	5,250	4,463	3,675
Current portion of notes payable	<u>(39,456)</u>	<u>(36,701)</u>	<u>(32,367)</u>
Long-term notes payable, net	<u><u>\$ 105,242</u></u>	<u><u>\$ 145,488</u></u>	<u><u>\$ 182,015</u></u>

The future minimum principal payments payable under the note are as follows:

**Years Ending
December 31,**

2021	\$ 39,456
2022	41,890
2023	44,473
2024	<u>21,504</u>
	<u><u>\$ 147,323</u></u>

**BIG FROG CUSTOM T-SHIRTS, INC.
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NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020, 2019, AND 2018**

NOTE H - NOTES PAYABLE - CONTINUED

Paycheck Protection Program Note Payable

In April 2020, the Company received a loan under the Paycheck Protection Program (PPP) in the amount of \$257,800. The PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act (CARES Act), provides loans to qualifying entities. The loan and accrued interest are forgivable as long as the loan proceeds are used for qualifying expenses as described in the CARES Act. The loan accrues interest at 1% and was originally payable in eighteen monthly installments of principal and interest commencing seven months after the loan date if the loan, in whole or in part, was not forgiven under the provisions of the PPP. The loan is a program, of the U.S. Small Business Administration (SBA) and is administered by the Companies bank (the lender).

In June 2020, the Paycheck Protection Program Flexibility Act was enacted which extended the deferral period for payments of principal, interest and fees on PPP loans. The revised deferral period includes the loan forgiveness covered period which can be up to 24 weeks plus an additional ten months. If any portion of the PPP loan is not forgiven, repayment of the unforgiven portion will commence after the SBA notifies the lender of the unforgiven loan amount and remits the forgiven loan amount to the lender. If the Company elects not to apply for forgiveness, repayment of the loan will commence ten months after the end of the Companies loan forgiveness covered period.

The Company currently intends to use the entire loan amount for qualifying expenses and apply for forgiveness of the entire loan. It is not possible, as of the date of these financial statements, to determine with certainty that the loan, in whole or in part, will be eligible for forgiveness. The timing of the repayment of any unforgiven loan amount is subject to a number of factors as described above and Management has deemed forgiveness to be probable. Accordingly, the Company has included the entire loan amount as a component of long-term notes payable, net in the accompanying balance sheets.

NOTE I - CONCENTRATIONS

For the years ended December 31, 2020, 2019, and 2018, two, three, and two franchisees represented approximately 28%, 49%, and 36%, respectively, of the Companies outstanding accounts receivable.

**BIG FROG CUSTOM T-SHIRTS, INC.
D/B/A BIG FROG FRANCHISE GROUP
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020, 2019, AND 2018**

NOTE J – CONTINGENCIES

COVID-19

On January 30, 2020, the World Health Association (WHO) announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China (the COVID-19 outbreak) and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally.

The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. Management is actively monitoring the situation; however, uncertainties inherently exist given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread.

NOTE K - RETIREMENT PLAN

During 2018, the Company entered into a 401(k) plan for employees who meet certain eligibility requirements. Employees are 100% vested after six years of employment. The total employer contributions that were contributed to all eligible employees during the years ended December 31, 2020, 2019, and 2018 was \$31,483, \$30,767, and \$19,501, respectively.

NOTE L - SUBSEQUENT EVENTS

The Company has evaluated subsequent events through February 24, 2021, the date the financial statements were available to be issued. The Company is not aware of any subsequent events which would require recognition or disclosure in the financial statements.

EXHIBIT C

LIST OF CURRENT AND FORMER FRANCHISEES

LIST OF FRANCHISEES

1. Current Operational Franchisees. The following are the names, addresses and telephone numbers of all current Franchisees as of December 31, 2020 who are operational:

Name	Entity Name	Address	City	State	Zip Code	Phone Number
ARIZONA						
Yolanda and Adrian Fernandez	Aurora Buendia, Corp.dba Big Frog Custom T-Shirts of Tucson	2956 N. Campbell Ave	Tucson	AZ	85719	520-326-3764
Bernard & Gianne Francisco	Ajnin, LLC dba Big Frog Custom T-Shirts of Gilbert	2743 South Market St. Suite 103	Gilbert	AZ	85295	480-750-8623
ARKANSAS						
John & Mara Dougherty	Baseball Frog LLC. dba Big Frog Custom T-Shirts of NW Arkansas	2501 SE 14th St. Ste. 11	Bentonville	AR	72712	479-464-0160
CALIFORNIA						
Craig & Sherry Kirkpatrick	Ponddom, Inc. dba Big Frog Custom T-Shirts of San Diego North	9917 Carmel Mountain Rd.	San Diego	CA	92129	858-538-3764
Steve Lui & Amy Lu	SA&Y, LLC. dba Big Frog Custom T-Shirts of San Diego Clairemont Mesa	4951-B Clairemont Drive	San Diego	CA	92117	858 270-3764
Jeff & Cathy McNeilly	McNeilly 5 Enterprises, dba Big Frog Custom T-Shirts of San Marcos	151 S. Las Posas Road, Suite 173	San Marcos	CA	92078	760-410-6060
COLORADO						
Karen & Alan Weber	K & A Custom Apparel, Inc. dba Big Frog Custom T-Shirts of Aurora	5588 S Parker Road	Aurora	CO	80015	303-690-5462
Ken & Katherine Kelley	Product 24 Inc. dba Big Frog Custom T-Shirts of Greenwood Village	5910 S. University, Suite A-8	Greenwood Village	CO	80121	720-739-3764
FLORIDA						
Matt & Mary Baehr	Baehr Enterprises, Inc. dba Big Frog Custom T-Shirts of Bradenton	7266 55th Avenue East	Bradenton	FL	34203	941-251-1200
Darren & Stacey Griffis	Tiny Toad, LLC dba Big Frog Custom T-Shirts of Spring Hill	4121 Mariner Blvd	Spring Hill	FL	34609	352-610-9932
Patrick Pierce	Pierce Family Holdings, LLC, dba Big Frog Custom T-Shirts of Clearwater	1874 Gulf to Bay Blvd	Clearwater	FL	33765	727-734-2421
Jose Quintas & Marisol Rodriguez	Venez Building, LLC dba Big Frog Custom T-Shirts of Kendall	12558 SW 120th St.	Miami	FL	33186	786-242-2244
Nathan Spowell	Dandi Enterprise, LLC dba Big Frog Custom T-Shirts of Wesley Chapel	24830 SR 54	Lutz	FL	33559	813-909-9235
Wesley Parker	Winter Park Tee's dba Big Frog Custom T-Shirts of Central Orlando	975 S. Orlando Avenue.	Winter Park	FL	32789	321-972-8879

Sean & Danette Mulligan	Sean & Danette Mulligan, LLC dba Big Frog Custom T-Shirts of St. Petersburg	1018 Central Avenue	St. Petersburg	FL	33705	727-350-1919
Mark & Subrena Khadoo	Rosnyk, Inc. dba Big Frog Custom T-Shirts of Palm Coast	250 Palm Coast Pkwy, NE 212,	Palm Coast	FL	32137	386-864-8100
GEORGIA						
Roy Woodall	Woodall Capital Investments, LLC dba Big Frog Custom T-Shirts of Athens	1880 Epps Bridge Pkwy. Ste. 110	Athens	GA	30606	706-354-8529
Tom Landrus	Belvedere, Inc. dba Big Frog Custom T-Shirts of Buckhead	4279 Roswell Rd. NE # 203	Atlanta	GA	30342	404-252-4223
Sandi Campbell	Bright Sky Enterprizes, LLC dba Big Frog Custom T-Shirts of Cumming	1070 Market Place Blvd.	Cumming	GA	30041	770-889-3764
Michael, David & Fran Rickard	Rickard Enterprise, LLC dba Big Frog Custom T-Shirts of Marietta	3600 Dallas Hwy. Ste. 280	Marietta	GA	30064	770-627-4885
Carmen DeYoung	Barking Frog, LLC dba Big Frog Custom T-Shirts of Savannah	1909 E. Victory Dr. Ste. 101	Savannah	GA	31404	921-354-7714
Stirling Innis & Sandi Fallowfield	CKK Shirts Inc. dba Big Frog Custom T-Shirts of Grayson	1950 Grayson Highway Suite 120	Grayson	GA	30017	678-694-8565
Glen Howard	Bump's Frog Store, LLC dba Big Frog Custom T-Shirts of Augusta	4237-2 Washington Rd.	Evans	GA	30809	706-854-3764
Stirling Innis & Sandi Fallowfield	CKK Shirts Inc. dba Big Frog Custom T-Shirts of Fayetteville	178 Pavilion Pkwy.	Fayetteville	GA	30214	770-719-3764
Brian Post	10th Level Enterprises, LLC dba Big Frog Custom T-Shirts of Johns Creek	2615 Peachtree Pkwy #210	Suwanee	GA	30024	678-842-3764
Michael Rickard	Rickard Enterprise, LLC dba Big Frog Custom T-Shirts of East Cobb	1205 Johnson Ferry Rd, Ste 129	Marietta	GA	30068	770-779-7978
Tracey & Matthew Carothers	Robot Bunny, LLC, dba Big Frog Custom T-Shirts of Dunwoody	1402B Dunwoody Village Parkway	Atlanta	GA	30338	770-624-2600
ILLINOIS						
Alberto Hanan	Fire Soles LLC dba Big Frog Custom T-Shirts of Naperville	2863 W. 95 th Street, Suite 107	Naperville	IL	60564	630-548-9082
Gail Girard	Shorewood DTG Shirts & More dba Big Frog Custom T-Shirts of Shorewood	1141 Brook Forest Ave	Shorewood	IL	60404	815-782-6357
Jeremy & Emily Colton	Colton & Colton, Inc. dba Big Frog Custom T-Shirts of Edwardsville	6654 Edwardsville Crossing Dr. Ste G	Edwardsville	IL	62025	618-223-5788
LOUISIANA						

Christi & Joey Marceaux	Frogzilla, LLC dba Big Frog Custom T-Shirts of Hammond	1913 SW Railroad Ave Unit C	Hammond	LA	70403	985-318-0900
MARYLAND						
Tracie, Michael, Lauryn Mitchell and Saaeda Gayle	TM Colors dba Big Frog Custom T-Shirts of Prince Georges County	9301 Woodmore Center Dr. #509	Lanham	MD	20706	301-867-6600
MICHIGAN						
Doug Rossman	Doug Rossman, Inc. dba Big Frog Custom T-Shirts of Novi	26036 Ingersol Drive	Novi	MI	48375	248-347-3764
Ali & Alefia Hakim	ALF Apparel, Inc. dba Big Frog Custom T-Shirts of Canton	42559 Ford Road	Canton	MI	48187	734-927-7187
Linda & Craig Suter	Brownstone & Shire, Inc. dba Big Frog Custom T-Shirts of Brighton	9690 Village Place Blvd	Brighton	MI	48116	248-782-5501
MINNESOTA						
Kevin Mendel	EBM Enterprises, Inc. dba Big Frog Custom T-Shirts of Bloomington	8415 Lyndale Ave. S	Bloomington	MN	55420	952-224-4940
Eric Morley	SPLASH Enterprises, Inc. dba Big Frog Custom T-Shirts of Woodbury	1785 Radio Dr Suite C	Woodbury	MN	55125	651-683-2313
John & Julia Turner	J & J Enterprises dba Big Frog Custom T-Shirts of Plymouth	10100 6th Ave. North Suite 119	Plymouth	MN	55441	763-546-1051
Keli & Patrick Casey	Casey Creative, LLC dba Big Frog Custom T-Shirts of Duluth	5115 Burning Tree Road Suite 315B	Duluth	MN	55811	218-491-6400
MISSOURI						
Stephen, Beth, Matthew, and Phillip King	OWK Holdings, LLC dba Big Frog Custom T-Shirts of Kansas City	9022 NW Skyview Ave.	Kansas City	MO	64154	816-382-3764
Stephen, Beth, Matthew, and Phillip King	OWK Holdings, LLC dba Big Frog Custom T-Shirts of Independence	20100 East Jackson Dr. Ste D	Independence	MO	64057	816-795-1115
NEBRASKA						
Mindy & Arnold Obando	Epic Wears, Inc. dba Big Frog Custom T-Shirts of Omaha	17676 Welch Plaza Ste. 3	Omaha	NE	68135	402-933-5551
NEVADA						
Troy & Shawn Jagers	E3, LLC, dba Big Frog Custom T-Shirts of Reno	5057 S McCarran Blvd	Reno	NV	89502	775-409-4000
Robyn Brewington & Lisa Hughes	ThelmaLouise LLC dba Big Frog Custom T-Shirts of Southern Las Vegas	10660 Southern Highlands Pkwy, Suite 108	Las Vegas	NV	89141	702-637-9200
NEW JERSEY						
Mihir & Shital Shah	Trendy Apparel, LLC dba Big Frog Custom T-Shirts of Monmouth	2412 Route 9	Howell	NJ	07731	732-719-8880
Doug Hahner	Tides Enterprises dba Big Frog Custom T-Shirts of Belmar	801 Main Street Unit #1H	Belmar	NJ	07719	732-749-7700

NEW YORK						
Debbie & Chris Galvez	Mother of the Sea, Corp. dba Big Frog Custom T-Shirts of Selden	251 Middle Country Rd #251	Selden	NY	11784	631-616-5115
Kerry Colley & Joshua Drumm	JKR Partners LLC, dba Big Frog Custom T-Shirts of The Upper West Side	2244 Broadway	NY	NY	10024	929-474-6262
NORTH CAROLINA						
Bob Lutz	Rana Magna, LLC dba Big Frog Custom T-Shirts of South Charlotte	3429 Toringdon Way Ste. B-112	Charlotte	NC	28277	704-919-0038
David Riddell	Ridd Kids71 Inc. dba Big Frog Custom T-Shirts of Durham	1125 W. NC Hwy. 54 Ste. 316	Durham	NC	27707	919-403-3164
David Riddell	Ridd Kids71 Inc. dba Big Frog Custom T-Shirts of Asheville	336 Rockwood Road #105	Arden	NC	28704	828-209-8100
Tommy Cahoon & Keat & Kyle Perkins	CKP Creations, LLC dba Big Frog Custom T-Shirts of Raleigh-North	6675 Falls of Neuse Road Suite 107	Raleigh	NC	27615	919-793-2500
OHIO						
Raul & Cathy Tellez	Equinine Enterprizes, Inc. dba Big Frog Custom T-Shirts of Cincinnati	7426 Beechmont Ave., Suite 214	Cincinnati	OH	45255	513-233-3764
Cathy & Brian Kingsley	Kingsley Custom Design, Inc. dba Big Frog Custom T-Shirts of Avon	Avon Commons, 35878 Detroit Rd.	Avon	OH	44011	440-723-3393
Orysia D'Aurelio	Ozia, LLC dba Big Frog Custom T-Shirts of Solon	6025 Kruse Drive, S-119	Solon	OH	44139	440-715-7007
OREGON						
Ryan Reif	Ryan Reif, LLC dba Big Frog Custom T-Shirts of Beaverton	14795 SW Murray Scholls Dr., Suite 107	Beaverton	OR	97007	503-746-5756
Sanford Booth	Semper Frog, LLC dba Big Frog Custom T-Shirts of Portland	2168 West Burnside Street	Portland	OR	97210	971-271-7191
PENNSYLVANIA						
Debbie & Stephen Miller	Miller Apparel, LLC dba Big Frog Custom T-Shirts of Greensburg	2004 Lincoln Pl.	Greensburg	PA	15601	724-853-3764
Dan & Leimomi Del Giorno, Bryan & Leilani O'Connor	AJ Brooks LLC, dba Big Frog Custom T-Shirts of Stroudsburg	3578 PA 611 Ste. 216	Bartonsville	PA	18321	570-664-5050
SOUTH DAKOTA						
Ethan & Ryan Corbin	Signature Lettering LLC, dba Big Frog Custom T-Shirts of Sioux Falls	3505 West 41 st Street Unit A	Sioux Falls	SD	57106	605-305-4800
TENNESSEE						
Janet and Dan Carmichael	Little Big G, LLC dba Big Frog Custom T-Shirts of Green Hills	2016 Glen Echo Road	Nashville	TN	37215	615-915-2373

Kathy Gannon	Gannon Venture, Inc. dba Big Frog Custom T-Shirts of Murfreesboro	509 N. Thompson Lane	Murfreesboro	TN	37129	615-624-6670
TEXAS						
Susan Hitt	Magna Rana, LLC dba Big Frog Custom T-Shirts of South Austin	5400 Brodie Lane, Suite 235	Sunset Valley	TX	78745	512-899-3764
Nancy Provolt	Pro T's, LLC dba Big Frog Custom T-Shirts of Northwest Austin	8300 N FM 620 Bldg D-400	Austin	TX	78726	512-366-5290
Joe Mock	MACK INK, LTD. dba Big Frog Custom T-Shirts of Plano	6505 West Park Blvd., Suite 312	Plano	TX	75093	972-941-3541
Dwight Miles Sr.	D H Miles Enterprises, LLC dba Big Frog Custom T-Shirts of Round Rock	2051 Gattis School Rd. Ste. 550	Round Rock	TX	78664	512-341-0701
Michelle & Dave Fischer	MLF Custom T-Shirts dba Big Frog Custom T-Shirts of Flower Mound	3120 Justin Rd. Suite A	Highland Village	TX	75077	972-966-3764
Michael & Debra Neal	Neal Creative Design dba Big Frog Custom T-Shirts of Colleyville	2720 State Highway 121, Suite 300	Euless	TX	76039	817-571-3764
Jackie Pierce	JSP Imagery LLC, dba Big Frog Custom T-Shirts of Ft. Worth West 7th	501 Carroll St., #630	Fort Worth	TX	76107	817- 332-0005
Mark & Jenni Maniscalco	Tea Pedaler, Inc. dba Big Frog Custom T-Shirts of New Braunfels	1551 N Walnut Ave., #33	New Braunfels	TX	78130	830- 632-2600
Ava and Chris Philip	SAES Investment Corp, dba Big Frog Custom T-Shirts of Katy	9555 Spring Green Blvd, Suite I	Katy	TX	77494	281-712-4191
Charles Luu	Fleek 888 LLC dba Big Frog Custom T-Shirts of Bellaire	5104 Cedar St.	Bellaire	TX	77401	713-470-2600
Angie & George Rodriguez	West Texas Pond, Inc. dba Big Frog Custom T-Shirts of East El Paso	12210 Montwood Drive, Suite 104	El Paso	TX	79928	915-308-9500
Shazy & Mona Sarwar	FAMSS5, LLC dba Big Frog Custom T-Shirts of Tomball	14320 FM 2920	Tomball	TX	77375	832-953-5200
Daniel Mendez & Marel Sanchez	Geoinvest, dba Big Frog Custom T-Shirts of The Woodlands	6531 FM 1488, Suite 307	Magnolia	TX	77354	281-296-3742
Christopher & Joe Mock	MACK Ink, Ltd. Co. dba Big Frog Custom T-Shirts of Frisco	4280 Main Street, Suite 450	Frisco	TX	75034	469-310-3764
Jackie Pierce	JSP Imagery LLC, dba Big Frog Custom T-Shirts of Alliance	9543 Sage Meadow Trail	Fort Worth	TX	76177	817-741-2525
Steven & Sharon Haas	Haastyle Enterprises, Inc, dba Big Frog Custom T-Shirts of Waco	2704 W. Loop 340, Suite D9	Waco	TX	76711	254-262-4499
Lisa Pirolo	No Bull Frog, Inc, dba Big Frog Custom T-Shirts of San Antonio North	15058 US Hwy 281 North, Suite 101	San Antonio	TX	78232	210-253-2100
Deborah and King Banerjee	Kindeg, INC dba Big Frog Custom T-Shirts of Sugar Land	16535 Lexington Blvd Ste. 150	Sugar Land	TX	77479	832-532-5577

Mark Perantie	Large Croaker LLC, dba Big Frog Custom T-Shirts of Allen	122 Prairie Road	Fairview	TX	75069	469-591-7100
WISCONSIN						
Basil & Koretta Bearer	BB&K Creative Group, Inc, dba Big Frog Custom T-Shirts of Mequon	10952 North Port Washington Road	Mequon	WI	53092	262-395-2929

2. Current Franchise Agreements Executed But Not Yet Operational. The following are the names, addresses and telephone numbers where available of all Franchisees as of December 31, 2020 who are not yet open but have signed a Franchise Agreement.

Name	Entity Name	Address	City	State	Zip Code	Phone Number
Patrick Pierce	Pierce Family Holdings, LLC dba Big Frog Custom T-Shirts of Valrico	TBD	Valrico	FL	TBD	813-684-2873
Jacob & Amy Best	Best Bark LLC, dba Big Frog Custom T-Shirts of Orlando	975 S Orlando Avenue	Winter Park	FL	32789	321-972-8879

3. Former Franchisees*. Former Franchisees that were terminated, canceled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under a Franchise Agreement during the most recently completed fiscal year or has not communicated with the franchisor within the 10 weeks preceding the Issuance Date of this Disclosure Document. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

Name	Entity Name	Address	City	State	Zip Code	Phone Number	E-Mail
Alistair Mitchell	EmmaBay dba Big Frog Custom T-Shirts of Oldsmar	3800 Tampa Rd. Unit 170	Oldsmar	FL	34693	813-854-2294	alistair@emmabay.com
Denise Pohl	Frog n Big Fun dba Big Frog Custom T-Shirts of St. Louis	10552 Old Olive St. Rd.	St. Louis	MO	63141	636-448-2999	f18marine@gmail.com

Janet Carmichael	Little Big G, LLC dba Big Frog Custom T-Shirts of Nashville	9135 Carothers Blvd	Franklin	TN	37067	615-497-4676	dancarmichael@comcast.net
Randi Samuels	dba Big Frog Custom TShirts of Mountain View	148 Flynn Ave.	Mountain View	CA	94043	408-675-6115	randishome-work@yahoo.com
Sara & Kallen McCoy	Primus Apparel LLC, dba Big Frog Custom T-Shirts of Park Cities	8611 Hillcrest Ave., #185	Dallas	TX	75225	214-684-4243	mccoy228@yahoo.com
Danielle & Tyrick Archangel	Lun Lun Angel Enterprise, LLC dba Big Frog Custom T-Shirts of Humble	9761 FM 1960 Bypass Road	Humble	TX	77338	337-257-8700	tyrick_archangel@hotmail.com
Mark Evans	Okiedeutsch, Inc, dba Big Frog Custom T-Shirts of Central Dallas	332 W. Davis Street	Dallas	TX	75208	678-777-7734	s.mark.evans@gmail.com
Debbie & Tim McMahon	MCM Team Enterprises, LLC dba Big Frog Custom T-Shirts of San Antonio NW	11309 Bandera Road, Suite 104	San Antonio	TX	78250	254-214-7742	lakedeb03@yahoo.com

Transferred Franchises. The following are the names, last known home addresses and home telephone numbers of all Franchisees that have sold their Franchise to another during the most recently completed fiscal year and until the Issuance Date of this Franchise Disclosure Document:

Last Name	First Name	Entity Name	Address	City	State	Zip Code	Phone	E-mail
Rickenbach	Yvonne & Linus	Ricki's T-Shirts, LLC	1930 Oro Ct.	Clearwater	FL	33765	727-307-7170	yvonne.rickenbach@bluewin.ch
Ayers	Gerald & Karen	Frogzilla, LLC	2808 Hampton Place Ct	Plant City	FL	33566	813-727-6288	wgayers@verizon.net
Hargens	Jeff	Harggold Holdings Inc.	170 Caroline Ave	Athens	GA	30606	404-545-5751	localjeff55@gmail.com

Last Name	First Name	Entity Name	Address	City	State	Zip Code	Phone	E-mail
Tweed	Jeff	Tweed's Big Frog Inc.	3640 Ivy Ridge Ct	Buford	GA	30519	770-634-3440	jeff.tweed@hotmail.com
Raynor	Monte & Antalita	Innovative Creations, Inc.	135 Victoria Dr.	Fayetteville	GA	30214	770-716-8307	cmraynor@mac.com
Jozwiak	Lori & David	Joz Corporation	24024 West Winners Circle Ct.	Plainfield	IL	60585	815-474-3857	david.jozwiak@gmail.com
Rossmann	Doug	Doug Rossmann Inc.	42786 Georgetown	Novi	MI	78331	248-489-8997	dougdrossman1@gmail.com
Skikun	Christin	Motor City Customs Concepts LLC	2547 S. Commerce Rd	Wolverine Lake	MI	48390	248-910-0839	cskikun@yahoo.com
Van Deursen	Travis	Van Deursen Enterprises	5120 Grant St.	Omaha	NE	68104	312-218-2124	travis.vandeursen@gmail.com
Young	Brian & Stephanie	Young's Custom Apparel, Inc.	55 Hidden Stream Rd.	Freehold	NJ	07728	732-740-2546	stephanieyoung@verizon.net
Meyers	Tom & Wendi	WT Ventures, Inc	12240 Bella Terra Center Apt 12110	Richmond	TX	77406	615-972-7330	wendimyrs3@gmail.com

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

EXHIBIT D

CONFIDENTIAL OPERATIONS MANUAL

TABLE OF CONTENTS

Table of Contents

As of the date of this document there are more than 695 pages in the Big Frog Confidential Operations Manuals.

Confidential Operations Manual - Approximately 108 pages

- Section A: Introduction – 4 pages
- Section B: Office Policies – 14 pages
- Section C: Order Processing & Graphics File Handling – 16 pages
- Section D: Office Operation and Store Maintenance – 7 pages
- Section E: Equipment, Computer System, Inventory and Supplies – 4 pages
- Section F: Administration – 18 pages
- Section G: Marketing and Sales Promotion – 20 pages
- Section H: Protection of Trademarks and Trade Secrets – 4 pages
- Section I: Preparation of Reports to the Franchisor – 5 pages
- Section J: Business Resources – 1 page
- Appendix – 10 pages
- Index – 3 pages

Pre-Opening Manual - Approximately 100 pages

- Section A: – Introduction 10 pages
- Section B: – Opening the Store 40 pages
- Section C: - Marketing Materials, Methods and the Grand Opening 9 pages
- Section D: - Inventory and Stockroom 4 pages
- Section E: - Self Inspection 5 pages
- Section F: - Summarized List of Things to Do Before Opening 2 pages
- Appendix – 15 pages
- Glossary - 12 pages
- Index – 5 pages

Production Manual - Approximately 113 pages

- Section A: Introduction -5 page
- Section B: Graphics Software – 13 pages
- Section C: Printer Operation & Maintenance – 12 pages
- Section D: Heat Press Operation & Maintenance – 4 pages
- Section E: Operation of Spot Remover – 3 pages
- Section F: Printing Guidelines – 5 pages
- Section G: Specific Printing Instructions – 25 pages
- Section H: Post Production Processing – 2 pages
- Appendix – 42 pages

Point of Sales Manual - Approximately 130 pages

- Section A: Configuring the Software for Use – 14 pages
- Section B: POS – 42 pages
- Section C: Inventory – 18 pages
- Section D: Purchase Orders – 3 pages
- Section E: Stock – 3 pages
- Section F: Reports – 3 pages
- Section G: Misc. Tricks and Tips - 6 pages
- Section H: Closing the Day – 9 pages
- Appendix: 32 pages
- Index: 3 pages

Marketing Manual - Approximately 280 pages

Section A: Introduction – 22 pages

Section B: Marketing Planning – 14 pages

Section C: Car Wrap – 3 pages

Section D: Big Frog Experience – 8 pages

Section E: Networking & Community Involvement – 21 pages

Section F: T-Shirt Giveaway – 3 pages

Section G: Digital Marketing - 56 pages

Section H: & More Marketing – 15 pages

Section I: Scratch Pad Marketing - 32 pages

Glossary: 12 pages

Appendix A: Sample Marketing Plans – 22 pages

Appendix B: Social Media Guidelines - 6 pages

Appendix C: Google Analytics - 6 pages

Appendix D: Print Advertisements - 19 pages

Appendix E: Enclosed DVD Directory - 1 page

Index: 1 page

EXHIBIT E

AGENCIES/AGENTS FOR SERVICE OF PROCESS

This list includes the names, addresses and telephone numbers of state agencies having responsibility for franchising disclosure/registration laws, and serving as our agents for service of process (to the extent that we are registered in their states). This list also includes the names, addresses and telephone numbers of other agencies, companies or entities serving as our agents for service of process.

State	State Agency	Agent for Service of Process
CALIFORNIA	Commissioner of the Department of Financial Protection and Innovation Department of Financial Protection and Innovation 320 West 4 th Street, Suite 750 Los Angeles, CA 90013 (213) 576-7505 Toll-free (866-275-2677)	Commissioner of the Department of Financial Protection and Innovation
CONNECTICUT	State of Connecticut Department of Banking Securities & Business Investments Division 260 Constitution Plaza Hartford, CT 06103-1800 (860) 240-8230	Banking Commissioner
HAWAII	Business Registration Division Department of Commerce and Consumer Affairs 335 Merchant Street, Room 203 Honolulu, HI 96813 (808) 586-2722	Commissioner of Securities of the State of Hawaii
ILLINOIS	Office of Attorney General Franchise Division 500 South Second Street Springfield, IL 62706 (217) 782-4465	Illinois Attorney General
INDIANA	Indiana Secretary of State Securities Division 302 West Washington St., Room E-111 Indianapolis, IN 46204 (317) 232-6681	Indiana Secretary of State 201 State House Indianapolis, IN 46204
MARYLAND	Office of the Attorney General Division of Securities 200 St. Paul Place Baltimore, MD 21202-2020 (410) 576-6360	Maryland Securities Commissioner 200 St. Paul Place Baltimore, MD 21202-2020 (410) 576-6360
MICHIGAN	Michigan Department of Attorney General Consumer Protection Division Antitrust and Franchise Unit 670 Law Building Lansing, MI 48913 (517) 373-7117	Michigan Department of Commerce, Corporations and Securities Bureau

State	State Agency	Agent for Service of Process
MINNESOTA	Minnesota Department of Commerce 85 7 th Place East, Suite 280 St. Paul, MN 55101-2198 (651) 539-1500	Minnesota Commissioner of Commerce
NEW YORK	Office of the New York State Attorney General Investor Protection Bureau, Franchise Section 28 Liberty Street, 21 st Floor New York, NY 10005 (212) 416-8211 Phone (212) 416-6042 Fax	Attention: New York Secretary of State New York Department of State One Commerce Plaza 99 Washington Avenue, 6 th Floor Albany, NY 11231-0001 (518) 473-2492
NORTH DAKOTA	North Dakota Securities Department 600 East Boulevard, 5 th Floor Bismarck, ND 58505-0510 (701) 328-4712	North Dakota Securities Commissioner
OREGON	Department of Consumer and Business Services Division of Finance and Corporate Labor and Industries Building Salem, Oregon 97310 (503) 378-4387	Director of the Department of Consumer and Business Services
RHODE ISLAND	Department of Business Regulation Division of Securities 1511 Pontiac Avenue, Building 69-1 Cranston, RI 02920 (401) 462-9585	Director of Rhode Island Department of Business Regulation
SOUTH DAKOTA	Division of Insurance Securities Regulation 124 South Euclid, Suite 104 Pierre, SD 57501 (605) 773-3563	Director of Insurance-Securities Regulation
VIRGINIA	State Corporation Commission Division of Securities and Retail Franchising 1300 East Main Street, 9 th Floor Richmond, VA 23219 (804) 371-9051	Clerk of State Corporation Commission 1300 East Main Street, 1 st Floor Richmond, VA 23219 (804) 371-9733
WASHINGTON	Department of Financial Institutions Securities Division P.O. Box 9033 Olympia, WA 98507-9033 (360) 902-8760	Director of Washington Financial Institutions Securities Division 150 Israel Road, SW Tumwater, WA 98501
WISCONSIN	Wisconsin Securities Commissioner Securities and Franchise Registration 345 W. Washington Avenue Madison, WI 53703 (608) 266-8559	Commissioner of Securities of Wisconsin

EXHIBIT F

CONTRACTS FOR USE WITH THE BIG FROG FRANCHISE

The following contracts contained in Exhibit F are contracts that Franchisee is required to utilize or execute after signing the Franchise Agreement in the operation of the Store. The following are the forms of contracts that Franchisor uses as of the Issuance Date the Franchise Disclosure Document. If they are marked “Sample” they are subject to change at any time.

EXHIBIT F-1

SBA ADDENDUM RELATING TO BIG FROG CUSTOM T-SHIRTS FRANCHISE AGREEMENT

THIS ADDENDUM (Addendum) is made and entered into on _____, 20____, by BIG FROG Custom T-shirts, Inc., located at 533 Main St., Dunedin, FL 34698 (Franchisor), and _____, located at _____ (Franchisee).

Recitals. Franchisor and Franchisee entered into a Franchise (or License) Agreement on _____, 20____, (Franchise Agreement). The Franchisee agreed among other things to operate and maintain a franchise located at _____ designated by Franchisor as Unit # _____ (Unit). Franchisee has obtained from a lender a loan (Loan) in which funding is provided with the assistance of the United States Small Business Administration (SBA). SBA requires the execution of this Addendum as a condition for obtaining the SBA assisted financing.

NOW, THEREFORE, in consideration of the mutual promises below, and for good and valuable considerations in hand paid by each of the parties to the others, the receipt and sufficiency of which the parties acknowledge the parties agree as follows:

1. Franchise Agreement is in full force and effect, and Franchisor has sent no official notice of default to Franchisee under the Franchise Agreement that remains uncured on the date hereof.
2. The following is added to the end of Section 16.6 of the Franchise Agreement:

However, the Franchisor may not exercise a right of first refusal:

(a) If a proposed Transfer is between or among individuals (including members of their immediate families and their respective spouses) who, at the time of the proposed Transfer, have an ownership interest in the Franchisee or the Franchise, and who have guaranteed the Franchisee's obligations under a then outstanding indebtedness which is guaranteed by the SBA (Owner/Guarantors); or

(b) If a proposed Transfer involves a Person other than an Owner/Guarantor and the proposed Transfer involves a noncontrolling ownership interest in the Franchisee or the Franchise, unless such noncontrolling interest: (1) represents less than a 20% ownership interest in the Franchisee or in the Franchise, or (2) the Franchisor (in combination with all of Franchisor's franchisees) qualifies as a small business and the exercise of the right does not affect the eligibility of the borrower to qualify for the SBA loan guarantee program.

The Franchisor's right to approve or to disapprove a proposed Transfer or transferee, or to exercise its right of first refusal with respect to a Transfer of a controlling interest in Franchisee or the Franchise, shall not be affected by any of the foregoing provisions. If the Franchisor does not qualify as a small business under SBA regulations, the parties acknowledge and understand that

the Franchisor's exercise of its right of first refusal may result in an SBA guaranteed loan becoming immediately due and payable.

3. If the Franchisor must operate the business under Section 16.7 of the Franchise Agreement, Franchisor will operate the business for a 90 day period of time, and the Franchisor will periodically discuss the status with the franchisee during such period. Franchisor shall have the ability to renew such 90 day period as necessary for up to one year and that franchisor will periodically discuss the status with the franchisee.
4. Notwithstanding anything to the contrary in Section 18.2 of the Franchise Agreement, neither the Franchisor nor its affiliates will have the option to purchase any real estate owned by the Franchisee. The Franchisor, however, may lease the real estate for the remainder of the Franchisee's term (excluding additional renewals) for fair market value.
5. This Addendum automatically terminates on the earliest to occur of the following: (i) a Termination occurs under the Franchise Agreement; (ii) the Loan is paid; or (iii) SBA no longer has any interest in the Loan.

IN WITNESS WHEREOF, the parties hereto have duly signed and executed this Addendum as of the day and year first above written.

FRANCHISOR:

FRANCHISEE:

BIG FROG CUSTOM T-SHIRTS, INC.

By: _____
Print Name: _____
Title: _____

By: _____
Print Name: _____
Title: _____

EXHIBIT F-2

**ADDENDUM TO AGREEMENT OF SALE AND
PURCHASE FOR A FRANCHISE RESALE**

Addendum to Agreement of Sale (hereinafter "Agreement") dated the day of _____, by and between _____, (hereinafter "Buyer") and _____, (hereinafter "Seller") for the sale of the Big Frog Custom T-Shirt store located at _____.

With intent to be legally bound, Seller and Buyer agree that notwithstanding any other provision of said Agreement, the following terms and conditions are herein made a part of said Agreement, and shall constitute an integral part of said Agreement. Should there be any conflict between any provision of this Addendum and the Agreement, the provisions of this Addendum shall supersede any such conflicting or inconsistent provision.

Buyer and Seller understand, acknowledge and agree, that Big Frog Custom T-Shirts, Inc. (hereinafter "Big Frog") is not an agent, broker, or legal representative of either party, and is not responsible for the performance of the Agreement or this Addendum, not can Big Frog be looked to in case of breach.

The Seller agrees to execute the requested General Release and Termination of Franchise Agreement, which requires Seller to comply with post-termination obligations, in favor of Big Frog at the closing and Buyer acknowledges that Seller's execution and delivery of said documents must be completed before Buyer's franchise agreement is issued.

Buyer and Seller understand, acknowledge, and agree, that in no event shall Big Frog issue a Franchise Agreement to the Buyer until all indebtedness of the Seller to Big Frog is paid all monies due and owing which arise from the franchised location.

Buyer and Big Frog enter into a then current Franchise Agreement for the operation of the Store.

Buyer agrees to execute Big Frog's then current form of Lease Addendum with Collateral Assignment of Lease.

Buyer and Seller understand, acknowledge and agree that _____ shall pay to Big Frog a transfer fee in the sum of \$9,500.

Buyer and Seller understand, acknowledge and agree that Big Frog shall have the right to investigate the credit standing, moral character, reputation and business qualifications of the Buyer and approval of same by Big Frog is a condition precedent to this sale.

Buyer and Seller understand, acknowledge, and agree that Buyer must complete a training course conducted by Big Frog at its headquarters in Dunedin, FL, and successful completion of this course before final closing is a condition precedent to the sale.

The Buyer and Seller must execute and deliver at or before closing all papers and documents necessary to finalize this transaction as may be reasonably required by Buyer and Big Frog in a form satisfactory to Buyer and Big Frog.

The Agreement of Sale and Purchase and Addendum must be executed by Buyer and Seller and delivered to Big Frog five (5) days before closing.

The said sale and purchase, as well as other terms, covenants and conditions of this Agreement, must be approved by Big Frog.

IN WITNESS WHEREOF, the parties hereto, intending to be legally bound thereby, have hereunto set their hands and seals this _____ day of _____, 20__.

WITNESS:

BUYER:

WITNESS:

SELLER:

EXHIBIT G

STATE ADDENDA AND AGREEMENT RIDERS

ADDENDUM TO FRANCHISE AGREEMENT, SUPPLEMENTAL AGREEMENTS (WHICH ARE GENERAL RELEASE AGREEMENT, NON-DISCLOSURE, NON-COMPETE AGREEMENT, CONFIDENTIALITY AGREEMENT, ADDENDUM TO AGREEMENT OF SALE AND PURCHASE), FRANCHISE DISCLOSURE DOCUMENT FOR CERTAIN STATES FOR BIG FROG CUSTOM T-SHIRTS, INC.

The following modifications are made to the Big Frog Custom T-Shirts, Inc. (“**Franchisor**,” “**us**,” “**we**,” or “**our**”) Franchise Disclosure Document (“**FDD**”) given to Franchisee (“**Franchisee**,” “**you**,” or “**your**”) and may supersede, to the extent then required by valid applicable state law, certain portions of the Franchise Agreement between you and us dated _____ (“**Franchise Agreement**”).

CALIFORNIA

With regard to interest on late payments, as disclosed in Item 6 of the Franchise Disclosure Document and required by provision 6.5 of the Franchise Agreement, the highest interest rate currently allowed by California law is 10%.

The California Franchise Investment Law requires a copy of all proposed agreements relating to the sale of the franchise be delivered together with the FDD.

California Corporations Code Section 31125 requires us to give to you a FDD approved by the Department of Corporations before we ask you to consider a material modification of your Franchise Agreement.

The Franchise Agreement requires binding arbitration. The arbitration will occur in the State of Florida, the Franchisor's Choice of Law, with the costs being borne by the prevailing party.

The Franchise Agreement and Supplemental Agreements require the application of Florida law. This provision may not be enforceable under California law.

Neither Franchisor nor any other person listed in Item 2 of the FDD is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. 78a et seq., suspending or expelling such persons from membership in such association or exchange.

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

The Franchise Agreement and Supplemental Agreements may provide for termination upon bankruptcy. Any such provision may not be enforceable under federal bankruptcy law (11 U.S.C.A. SEC. 101 et seq.).

The Franchise Agreement contains, and if applicable, the Supplemental Agreements may contain, a covenant not to compete provision which extends beyond the termination of the Franchise. Such provisions may not be enforceable under California law.

Under California Civil Code Section 1671, certain liquidated damages clauses are unenforceable. Any such provisions contained in the Franchise Agreement or Supplemental Agreements may not be enforceable.

The Franchise Agreement contains, and if applicable, the Supplemental Agreements may contain, provisions requiring binding arbitration. The arbitration will occur in Florida. Prospective Franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of the Franchise Agreement or Supplemental Agreements restricting venue to a form outside the State Of California.

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

The earnings claims figure(s) does (do) not reflect the costs of sales, operating expenses, or other costs or expenses that must be deducted from the gross revenue or gross sales figures to obtain your net income or profit. You should conduct an independent investigation of the costs and expenses you will incur in operating your franchise business. Franchisees or former franchisees, listed in the offering circular, may be one source of this information.

Our website has not been reviewed or approved by the California Department of Business Oversight. Any complaints concerning the content of this website may be directed to the California Department of Business Oversight at www.dbo.ca.gov.

The parties shall each bear their own costs of mediation and shall share equally the filing fee and the mediator's fees.

HAWAII

The following is added to the Cover Page:

THIS FRANCHISE WILL BE/HAS BEEN FILED UNDER THE FRANCHISE INVESTMENT LAW OF THE STATE OF HAWAII. FILING DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE DIRECTOR OF COMMERCE AND CONSUMER AFFAIRS OR A FINDING BY THE DIRECTOR OF COMMERCE AND CONSUMER AFFAIRS THAT THE INFORMATION PROVIDED IN THIS FRANCHISE DISCLOSURE DOCUMENT IS TRUE, COMPLETE AND NOT MISLEADING.

THE FRANCHISE INVESTMENT LAW MAKES IT UNLAWFUL TO OFFER OR SELL ANY FRANCHISE IN THIS STATE WITHOUT FIRST PROVIDING TO YOU OR SUBFRANCHISOR AT LEAST SEVEN (7) DAYS PRIOR TO THE EXECUTION BY YOU OR SUBFRANCHISOR OF ANY BINDING FRANCHISE OR OTHER AGREEMENT, OR AT LEAST SEVEN (7) DAYS PRIOR TO THE PAYMENT OF ANY CONSIDERATION BY YOU, WHICHEVER OCCURS FIRST, A COPY OF THE FRANCHISE DISCLOSURE DOCUMENT, TOGETHER WITH A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE.

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

Registered agent in the state authorized to receive service of process:

Commissioner of Securities of the State of Hawaii
Department of Commerce and Consumer Affairs
Business Registration Division
335 Merchant Street, Room 203
Honolulu, Hawaii 96813

The following list reflects the status of the franchise registrations of the Franchisor in the states which require registration:

1. This proposed registration is effective in the following states:
2. This proposed registration is or will shortly be on file in the following states:
3. States which have refused, by order or otherwise, to register these franchises are:
None
4. States which have revoked or suspended the right to offer the franchises are:
None
5. States in which the proposed registration of these franchises has been withdrawn are: None

ILLINOIS

Sections 4 and 41 and Rule 608 of the Illinois Franchise Disclosure Act states that court litigation must take place before Illinois federal or state courts and all dispute resolution arising from the terms of this Agreement or the relationship of the parties and conducted through arbitration or litigation shall be subject to Illinois law. The FDD, Franchise Agreement and Supplemental Agreements are amended accordingly.

The governing law or choice of law clause described in the FDD and contained in the Franchise Agreement and Supplemental Agreements is not enforceable under Illinois law. This governing law clause shall not be construed to negate the application of Illinois law in all situations to which it is applicable.

Section 41 of the Illinois Franchise Disclosure Act states that “any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of this Act or any other law of this State is void.” The Franchise Agreement is amended accordingly. To the extent that the Franchise Agreement would otherwise violate Illinois law, such Agreement is amended by providing that all litigation by or between you and us, arising directly or indirectly from the franchise relationship, will be commenced and maintained in the state courts of Illinois or, at our election, the United States District Court for Illinois, with the specific venue in either court system determined by appropriate jurisdiction and venue requirements, and Illinois law will pertain to any claims arising under the Illinois Franchise Disclosure Act.

Item 17.v, Choice of Forum, of the FDD is revised to include the following: “provided, however, that the foregoing shall not be considered a waiver of any right granted upon you by Section 4 of the Illinois Franchise Disclosure Act.”

Item 17.w, Choice of Law, of the FDD is revised to include the following: “provided, however, that the foregoing shall not be considered a waiver of any right granted upon you by Section 4 of the Illinois Franchise Disclosure Act”.

The termination and non-renewal provisions in the Franchise Agreement and the FDD may not be enforceable under Sections 19 and 20 of the Illinois Franchise Disclosure Act.

Under Section 705/27 of the Illinois Franchise Disclosure Act, no action for liability under the Illinois Franchise Disclosure Act can be maintained unless brought before the expiration of three (3) years after the act or transaction constituting the violation upon which it is based, the expiration of one (1) year after you become aware of facts or circumstances reasonably indicating that you may have a claim for relief in respect to conduct governed by the Act, or 90 days after delivery to you of a written notice disclosing the violation, whichever shall first expire. To the extent that the Franchise Agreement is inconsistent with the Illinois Franchise Disclosure Act, Illinois law will control and supersede any inconsistent provision(s).

INDIANA

Item 13 of the FDD is amended to add the following:

Under Indiana Code Section 23-2-2.7-1(4), we will not accept any rebates from any person with whom you do business or associate in relation to transactions between you and the other person, other than for compensation for services rendered by us, unless the rebate is properly accounted for and submitted to you.

Item 17 of the FDD is amended to add the following:

Indiana Code 23-2-2.7-1(7) makes it unlawful for us to unilaterally terminate your Franchise Agreement unless there is a material violation of the Franchise Agreement and termination is not in bad faith.

Indiana Code 23-2-2.7-1(5) prohibits us to require you to agree to a prospective general release of claims subject to the Indiana Deceptive Franchise Practices Act.

The “Summary” column in Item 17.r. of the FDD is deleted and the following is inserted in its place:

No competing business for two (2) years within the Area of Primary Responsibility.

The “Summary” column in Item 17.t. of the FDD is deleted and the following is inserted in its place:

Notwithstanding anything to the contrary in this provision, you do not waive any right under the Indiana Statutes with regard to prior representations made by us.

The “Summary” column in Item 17.v. of the FDD is deleted and the following is inserted in its place:

Litigation regarding Franchise Agreement in Indiana; other litigation in the Franchisor’s Choice of Law State. This language has been included in this Franchise Disclosure Document as a condition to registration. The Franchisor and the Franchisee do not agree with the above language and believe that each of the provisions of the Franchise Agreement, including all venue provisions, is fully enforceable. The Franchisor and the Franchisee intend to fully enforce all of the provisions of the Franchise Agreement and all other documents signed by them, including but not limited to, all venue, choice-of-law, arbitration provisions and other dispute avoidance and resolution provisions and to rely on federal pre-emption under the Federal Arbitration Act.

The “Summary” column in Item 17.w. of the FDD is deleted and the following is inserted in its place:

Indiana law applies to disputes covered by Indiana franchise laws; otherwise Franchisor’s Choice of Law State law applies.

Despite anything to the contrary in the Franchise Agreement, the following provisions will supersede and apply to all Franchises offered and sold in the State of Indiana:

1. The laws of the State of Indiana supersede any provisions of the FDD, the Franchise Agreement, or Franchisor’s Choice of Law State law, if such provisions are in conflict with Indiana law.
2. The prohibition by Indiana Code 23-2-2.7-1(7) against unilateral termination of the Franchise without good cause or in bad faith, good cause being defined under law as including any material breach of the Franchise Agreement, will supersede the provisions of the Franchise Agreement relating to termination for cause, to the extent those provisions may be inconsistent with such prohibition.
3. Any provision in the Franchise Agreement that would require you to prospectively assent to a release, assignment, novation, waiver or estoppel which purports to relieve any person from liability imposed by the Indiana Deceptive Franchise Practices Law is void to the extent that such provision violates such law.
4. The covenant not to compete that applies after the expiration or termination of the Franchise Agreement

for any reason modified to the extent necessary to comply with Indiana Code 23-2-2.7-1 (9).

5. The following provision will be added to the Franchise Agreement:

No Limitation on Litigation. Despite the foregoing provisions of this Agreement, any provision in the Agreement which limits in any manner whatsoever litigation brought for breach of the Agreement will be void to the extent that any such contractual provision violates the Indiana Deceptive Franchise Practices Law.

MARYLAND

Item 17 of the FDD and sections of the Franchise Agreement requiring that you sign a general release, estoppel or waiver as a condition of renewal and or assignment, will not apply to liability under the Maryland Franchise Registration and Disclosure Law.

Representations in the Franchise Agreement and Supplemental Agreements are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

Item 17 of the FDD and sections of the Franchise Agreement and Exhibits F-1 through F-6 of the FDD, are amended to state that you may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

Item 17 in the FDD and the franchise agreement are amended to state “Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.”

Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within three (3) years after the grant of the Franchise. Item 17 of the FDD is hereby amended to the extent required under the Maryland Franchise Registration and Disclosure Law.

The Franchisee Acknowledgement Statement is amended to state “All representations requiring prospective franchisees to assent to a release, estoppel or waiver of liability are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.”

The Franchise Agreement provides for termination upon bankruptcy. This provision may not be enforceable under Federal Bankruptcy Law (11 U.S.C.A Sec. 101 *et seq.*).

MICHIGAN

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

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

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

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

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

Any questions regarding this notice should be directed to:

State of Michigan
Department of Attorney General
Consumer Protection Division
Attn: Franchise
670 Law Building
525 W. Ottawa Street
Lansing, Michigan 48913
Telephone Number: (517) 373-7117

MINNESOTA

Despite anything to the contrary in the Franchise Agreement, the following provisions will supersede and apply to all Franchises offered and sold in the State of Minnesota:

1. Any provision in the Franchise Agreement which would require you to assent to a release, assignment, novation or waiver that would relieve any person from liability imposed by Minnesota Statutes, Sections 80C.01 to 80C.22 will be void to the extent that such contractual provision violates such law.
2. Minnesota Statute Section 80C.21 and Minnesota Rule 2860.4400J prohibit the franchisor from requiring litigation to be conducted outside of Minnesota. In addition, nothing in the FDD or Franchise Agreement can abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80C, or your rights to any procedure, forum, or remedies provided for by the laws of Minnesota.
3. Minn. Rule Part 2860.4400J prohibits a franchisee from waiving his rights to a jury trial or waiving his rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction, or consenting to liquidated damages, termination penalties or judgment notes. Any provision in the Franchise Agreement which would require you to waive your rights to any procedure, forum or remedies provided for by the laws of the State of Minnesota is deleted from any agreement relating to Franchises offered and sold in the State of Minnesota; provided, however, that this paragraph will not affect the obligation in the Franchise Agreement relating to arbitration.
4. With respect to franchises governed by Minnesota law, we will comply with Minnesota Statute Section 80C.14, Subds. 3, 4 and 5, which require, except in certain specified cases, that you be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for non-renewal of the Franchise Agreement; and that consent to the transfer of the Franchise will not be unreasonably withheld.
5. Item 13 of the FDD is hereby amended to state that we will protect your rights under the Franchise Agreement to use the Marks, or indemnify you from any loss, costs, or expenses arising out of any third-party claim, suit or demand regarding your use of the Marks, if your use of the Marks is in compliance with the provisions of the Franchise Agreement and our System standards.
6. Minnesota Rule 2860.4400(D) prohibits a franchisor from requiring a franchisee to assent to a general release. As a result, the FDD and the Franchise Agreement, which require you to sign a general release prior to renewing or transferring your Franchise, are hereby deleted from the Franchise Agreement, to the extent required by Minnesota law.
7. The following language will appear as a new paragraph of the Franchise Agreement:

No Abrogation. Pursuant to Minnesota Statutes, Section 80C.21, nothing in the dispute resolution section of this Agreement will in any way abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80C.
8. Minnesota Statute Section 80C.17 states that no action for a violation of Minnesota Statutes, Sections 80C.01 to 80C.22 may be commenced more than three (3) years after the cause of action accrues. To the extent that the Franchise Agreement conflicts with Minnesota law, Minnesota law will prevail.

NEW YORK

1. The following information is added to the cover page of the Franchise Disclosure Document:
INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT A OR YOUR PUBLIC LIBRARY FOR SOURCES OF INFORMATION. REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT NEW YORK STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS FRANCHISE DISCLOSURE DOCUMENT. IF YOU LEARN THAT ANYTHING IN THE FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND NEW YORK STATE DEPARTMENT OF LAW, BUREAU OF INVESTOR PROTECTION AND SECURITIES, 120 BROADWAY, 23RD FLOOR, NEW YORK, NEW YORK 10271. THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE FRANCHISE DISCLOSURE DOCUMENT. HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS WHICH ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.
2. The following is added at the end of Item 3:

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

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

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

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

D. No such party is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under a Federal, State, or Canadian franchise, securities, antitrust, trade regulation or trade practice law, resulting from a concluded or pending action or proceeding brought by a public agency; or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent.

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

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

or that obtained a discharge of its debts under the U.S. Bankruptcy Code during or within 1 year after that officer or general partner of the franchisor held this position in the company or partnership.

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

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

5. The following is added to the end of the “Summary” sections of Item 17(c), titled “Requirements for franchisee to renew or extend,” and Item 17(m), entitled “Conditions for franchisor approval of transfer”:
However, to the extent required by applicable law, all rights you enjoy and any causes of action arising in your favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force; it being the intent of this proviso that the non-waiver provisions of General Business Law Sections 687.4 and 687.5 be satisfied.

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

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

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

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

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

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

NORTH DAKOTA

Sections of the FDD, the Franchise Agreement, and the Supplemental Agreements requiring that you sign a general release, estoppel or waiver as a condition of renewal and/or assignment may not be enforceable as they relate to releases of the North Dakota Franchise Investment Law.

Sections of the FDD, the Franchise Agreement, and the Supplemental Agreements requiring resolution of disputes to be outside North Dakota may not be enforceable under Section 51-19-09 of the North Dakota Franchise Investment Law, and are amended accordingly to the extent required by law.

Sections of the FDD, the Franchise Agreement, and the Supplemental Agreements relating to choice of law may not be enforceable under Section 51-19-09 of the North Dakota Franchise Investment Law, and are amended accordingly to the extent required by law.

Any sections of the FDD, the Franchise Agreement, and the Supplemental Agreements requiring you to consent to liquidated damages and/or termination penalties may not be enforceable under Section 51-19-09 of the North Dakota Franchise Investment Law, and are amended accordingly to the extent required by law.

Any sections of the FDD, the Franchise Agreement, and the Supplemental Agreements requiring you to consent to a waiver of trial by jury may not be enforceable under Section 51-19-09 of the North Dakota Franchise Investment Law, and are amended accordingly to the extent required by law.

Any sections of the FDD, the Franchise Agreement, and the Supplemental Agreements requiring you to consent to a waiver of exemplary and punitive damages may not be enforceable under Section 51-19-09 of the North Dakota Franchise Investment Law, and are amended accordingly to the extent required by law.

Item 17(r) of the FDD and Section 7 of the Franchise Agreement disclose the existence of certain covenants restricting competition to which franchisee must agree. The Commissioner has held that covenants restricting competition contrary to Section 9-08-06 of the North Dakota Century Code, without further disclosing that such covenants may be subject to this statute, are unfair, unjust, or inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law. The FDD and the Franchise Agreement are amended accordingly to the extent required by law.

RHODE ISLAND

§ 19-28.1-14 of the Rhode Island Franchise Investment Act provides that “A provision in a franchise agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this Act.” The FDD, the Franchise Agreement, and the Supplemental Agreements are amended accordingly to the extent required by law.

The above language has been included in this FDD as a condition to registration. The Franchisor and the Franchisee do not agree with the above language and believe that each of the provisions of the Franchise Agreement and the Supplemental Agreements, including all choice of law provisions, are fully enforceable. The Franchisor and the Franchisee intend to fully enforce all of the provisions of the Franchise Agreement, the Supplemental Agreements, and all other documents signed by them, including but not limited to, all venue, choice-of-law, arbitration provisions and other dispute avoidance and resolution provisions and to rely on federal pre-emption under the Federal Arbitration Act.

VIRGINIA

Item 17(h). The following is added to Item 17(h):

“Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to use undue influence to induce a franchisee to surrender any right given to him under the franchise. If any provision of the Franchise Agreement or Supplemental Agreements involve the use of undue influence by the Franchisor to induce a franchisee to surrender any rights given to franchisee under the Franchise, that provision may not be enforceable.”

In recognition of the restrictions contained in Section 13.1-564 of the Virginia Retail Franchising Act, the FDD for Big Frog Custom T-Shirts, Inc. for use in the Commonwealth of Virginia shall be amended as follows:

Additional Disclosure. The following statements are added to Item 17.h. Under Section 13.1-564 of the Virginia Retail Franchising Act: It is unlawful for a franchisor to cancel a franchise without reasonable cause. If any grounds for default or termination stated in the Franchise Agreement do not constitute “reasonable cause,” as that term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, that provision may not be enforceable.

WISCONSIN

The Wisconsin Fair Dealership Law, Chapter 135 of the Wisconsin Statutes supersedes any provision of the Franchise Agreement if such provision is in conflict with that law. The Franchise Disclosure Document, the Franchise Agreement and the Supplemental Agreements are amended accordingly.

APPLICABLE ADDENDA

If any one of the preceding Addenda for specific states (“Addenda”) is checked as an “Applicable Addenda” below, then that Addenda shall be incorporated into the Franchise Disclosure Document, Franchise Agreement and any other specified agreement(s) entered into by us and the undersigned Franchisee. To the extent any terms of an Applicable Addenda conflict with the terms of the Franchise Disclosure Document, Franchise Agreement and other specified agreement(s), the terms of the Applicable Addenda shall supersede the terms of the Franchise Disclosure Document.

- | | | | |
|--------------------------|------------|--------------------------|--------------|
| ☐ | California | ☐ | New York |
| ☐ | Hawaii | ☐ | North Dakota |
| ☐ | Illinois | ☐ | Ohio |
| ☐ | Indiana | ☐ | Rhode Island |
| ☐ | Maryland | ☐ | South Dakota |
| ☐ | Michigan | ☐ | Virginia |
| ☐ | Minnesota | ☐ | Washington |
| ☐ | Wisconsin | | |

Dated: _____, 20____

FRANCHISOR:

BIG FROG CUSTOM T-SHIRTS, INC.

By: _____

Title: _____

FRANCHISEE’S OWNERS:

By: _____

Title: _____

STATE EFFECTIVE DATES

The following states 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 Franchise Disclosure Document is registered, on file or exempt from registrations in the following states having franchise disclosure laws, with the following effective dates:

<u>STATE</u>	<u>EFFECTIVE DATE</u>
California	PENDING
Illinois:	PENDING
Indiana:	PENDING
Maryland:	PENDING
Minnesota:	PENDING
New York:	PENDING
North Dakota:	PENDING
South Dakota:	PENDING
Virginia:	PENDING
Wisconsin:	PENDING

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

EXHIBIT H
RECEIPT

RECEIPT OF FRANCHISE DISCLOSURE DOCUMENT OF BIG FROG CUSTOM T-SHIRTS, INC.

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

If Big Frog Custom T-Shirts, Inc. offers you a franchise, it must provide this Disclosure Document to you 14 calendar-days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale.

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 Big Frog Custom T-Shirts, Inc. does not deliver this Disclosure Document on time or if it contains a false or misleading statement, or a material omission, a violation of federal and state law may have occurred and should be reported to the Federal Trade Commission, Washington, DC 20580 and to your state authority listed on Exhibit E.

The name and principal business address and telephone number of each franchise seller offering the franchise is:

Christina P. Bacon-DeFrece 533 Main Street Dunedin, FL 34698 727-286-8985	Al Warok 533 Main Street Dunedin, FL 34698 727-286-8985	
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Issuance Date: March 31, 2021

I received a Disclosure Document dated _____, that included the following Exhibits:

Exhibit A : Franchise Agreement
Exhibit B : Financial Statements
Exhibit C: List of Current and Former Franchisees
Exhibit D: Confidential Operations Manual Table of Contents
Exhibit E: List of State Administrators/Agents for Service of Process
Exhibit F : Contracts for use with the Big Frog Franchise
Exhibit G: State Addenda and Agreement Riders
Exhibit H : Receipt

Date Received: _____
(If other than date signed)

DATE: _____

(Signature of recipient)

(Printed name of recipient)

Legal residence address

Please return signed receipt to Big Frog Custom T-Shirts, Inc.
533 Main Street
Dunedin, FL 34698

RECEIPT OF FRANCHISE DISCLOSURE DOCUMENT OF BIG FROG CUSTOM T-SHIRTS, INC.

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

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Exhibit H : Receipt

Date Received: _____
(If other than date signed)

DATE: _____

(Signature of recipient)

(Printed name of recipient)

Legal residence address

KEEP FOR YOUR RECORDS