FRANCHISE DISCLOSURE DOCUMENT

CRUISIN' TIKIS INTERNATIONAL, INC.
A Florida Corporation
635 NW 4th Avenue
Fort Lauderdale, Florida 33311
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The franchise is the right to own and operate an open-air, tiki-themed water vessel for recreational excursions on designated waterways under the Cruisin' Tikis® name and marks. The franchise will be seasonal where waterways freeze or temperatures become frigid.

The total investment necessary to begin operation of a Cruisin' Tikis franchise is $83,015 to $123,650. This includes $77,540 to $96,600 that must be paid to the franchisor or its affiliate. For each additional vessel that you will deploy at the opening of your franchised business, your total initial investment will increase by $59,400 to $83,400 per vessel, which includes $57,540 to $76,600 that must be paid to the franchisor or its affiliate.

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 Janie Armstrong at Cruisin' Tikis International, Inc., 635 NW 4th Avenue, Fort Lauderdale, FL 33311, (877) 554-5200.

The terms of your contract will govern your franchise relationship. Don't rely on this Disclosure Document alone to understand your contract. Read all of your contract carefully. Show your contract and this disclosure document to an advisor, like a lawyer or 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 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, D.C. 20580. You can also visit the FTC's home page at www.ftc.gov for additional information. Call your state agency or visit your public library for other sources of information on franchising.

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

ISSUANCE DATE: April 30, 2024

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 G and H.
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 D 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 Cruisin' Tikis business in my area?	Item 12 and the "territory" provisions in the franchise agreement describe whether the franchisor and other franchisees can compete with you.
Does the franchisor have a troubled legal history?	Items 3 and 4 tell you whether the franchisor or its management have been involved in material litigation or bankruptcy proceedings.
What's it like to be a Cruisin' Tikis franchisee?	Item 20 or Exhibits G and H lists current and former franchisees. You can contact them to ask about their experiences.
What else should I know?	These questions are only a few things you should look for. Review all 23 Items and all Exhibits in this disclosure document to better understand this franchise opportunity. See the table of contents.

What You Need To Know About Franchising *Generally*

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

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

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

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

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

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

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

Some States Require Registration

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

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

Special Risks to Consider About *This* Franchise

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

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

2. **Spousal Liability**. Your spouse must sign a document that makes your spouse liable for all financial obligations under the franchise agreement even though your spouse has no ownership interest in the franchise. This guarantee will place both you and your spouse's marital and personal assets, perhaps including your house, at risk if your franchise fails.

3. **Financial Condition**. The franchisor's financial condition, as reflected in its financial statements (see Item 21), calls into question the franchisor's financial ability to provide services and support to you.

4. **Supplier Control**. You must purchase all or nearly all of the inventory or supplies that are necessary to operate your business from the franchisor, its affiliates, or suppliers that the franchisor designates, at prices the franchisor or they set. These prices may be higher than prices you could obtain elsewhere for the same or similar goods. This may reduce the anticipated profit of your franchise business.

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 THE 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.

(a) A prohibition on the right of a franchisee to join an association of franchisees.

(b) A requirement that a franchisee assent to a release, assignment, novation, waiver or estoppel which deprives a franchisee of rights and protections provided in this Act. This will not preclude a franchisee, after entering into a franchise agreement, from settling any claims.

(c) A provision that permits a Franchisor to terminate a franchise prior to the expiration of its term except for good cause. Good cause will include the failure of the franchisee to comply with any lawful provision of the Franchise Agreement and to cure this failure after being given written notice thereof and a reasonable opportunity, which in no event need be more than 30 days, to cure this 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 franchised business are not subject to compensation. This subsection applies only if (i) the term of the franchise is less than 5 years and (ii) the franchisee is prohibited by the franchise or other agreement from continuing to conduct substantially the same business under another trademark, service mark, trade name, logotype, advertising of other commercial symbol in the same area subsequent to the expiration of the franchise or the franchisee does not receive at least 6 months advance notice of Franchisor's intent not to renew the license.

(e) A provision that permits the Franchisor to refuse to renew a franchise on terms generally available to other franchisees of the same class or type under similar circumstances. This section does not require a renewal provision.

(f) A provision requiring that arbitration 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 will 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.

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 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 the 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 service.

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 THE OFFICE OF THE ATTORNEY GENERAL, CONSUMER PROTECTION DIVISION, ATTN: FRANCHISE DEPARTMENT, 670 WILLIAMS BLDG., LANSING, MICHIGAN 48913, (517) 373-7117. THE MICHIGAN NOTICE APPLIES ONLY TO FRANCHISEES WHO ARE RESIDENTS OF MICHIGAN OR LOCATE THEIR FRANCHISES IN MICHIGAN.

Note: Despite subparagraph (f) above, we intend to fully enforce the arbitration provisions of the Franchise Agreement. We believe that paragraph (f) is preempted by federal law and cannot preclude us from enforcing these arbitration provisions. We will seek to enforce this section as written.

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

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

To simplify the language in this franchise disclosure document (this "Disclosure Document"), we use the terms "Franchisor" or "we" to refer to Cruisin' Tikis International, Inc. "You" means the person or entity that buys the franchise. If you are a corporation, partnership, limited liability company or other entity, certain provisions of the Franchise Agreement (defined below) and related agreements will also apply to your owners.

Franchisor, Predecessors, Parent and Affiliates

We are a Florida corporation, and we were formed on April 20, 2018. We have conducted business only under our corporate name (Cruisin' Tikis International, Inc.) and "Cruisin' Tikis®" since our formation. Our principal business address is 635 NW 4th Avenue, Fort Lauderdale, Florida 33311. We began offering Cruisin' Tikis franchises in November 2018. Our affiliates have operated businesses of the type being offered under this Disclosure Document, but we have not. Except as described in this Item 1, we have not engaged in any other business activities or offered franchises for any other concepts.

We have no predecessors or parent entity.

Our affiliate, Cruisin' Tikis, LLC ("CTL"), a Florida limited liability company, owns and has granted us a license to use and sublicense the trademarks we license to our franchisees. In June 2018, CTL entered into one license agreement each with a California based licensee allowing it to use the Cruisin' Tikis trademarks in connection with the operation of its vessels in designated areas in California in the same manner that franchisees are allowed to do so. Under the license agreement, the licensees were offered access to Cruisin' Tikis online booking system and certain marketing and logoed materials. This license expired on June 2023, and the licensee is no longer operating Cruisin' Tikis vessels.

Our affiliate, Cruisin' Tiki Builders, LLC ("Cruisin' Tiki Builders"), a Florida limited liability company, is the sole supplier of Cruisin' Tikis Vessels used in the operation of Cruisin' Tikis franchises. Cruisin' Tiki Builders also arranges for the delivery of the Cruisin' Tikis Vessels to the franchisees.

CTL, Cruisin' Tikis Builders shares our principal address, and except as described above, none has operated or offered franchises of the type described in this Disclosure Document or for any other concept.

Our Agents for Service of Process

Our agent for service of process in our state of organization (Florida) is Janie Armstrong at the address of 635 NW 4th Avenue, Fort Lauderdale, Florida 33311. Any additional agents we have designated for service of process are disclosed in Exhibit A.

The Franchises We Offer

We offer and grant franchises to own and operate open-air water vessels that provide recreational excursions on designated waterways (a "Cruisin' Tikis Vessel" or your "Vessel"). Each Cruisin' Tikis Vessel is outfitted with our proprietary tiki hut trade dress and is identified by the Cruisin' Tikis® trademark and other related trademarks and service marks that we designate from time to time (collectively, the "Marks"). To acquire a Cruisin' Tikis franchise, you and we must sign a franchise agreement and related documents (collectively, the "Franchise Agreement"). Our current form of Franchise Agreement is attached as Exhibit B to this Disclosure Document. Before signing the Franchise Agreement, you and we will agree on and describe in the Franchise Agreement the portions of the designated waterways within which you are permitted to operate your Cruisin' Tikis Vessel (the "Designated Territory"). If you and we agree that the Designated Territory could support the operation of multiple Cruisin' Tikis Vessels, the Franchise Agreement will also specify the minimum number of Cruisin' Tikis Vessels you will deploy and the schedule by which you will do so (the "Activation Schedule"). If we later determine that the Designated Territory can support more than the number of Vessels reflected within the Activation Schedule, you will have the right of first refusal to acquire and operate the additional Vessel(s) for activation in your Designated Territory. In this Disclosure Document, we refer to the business you will operate under a Franchise Agreement as "your Business."

Your Cruisin' Tikis Vessel will be manufactured by and must be purchased from our affiliate, Cruisin' Tiki Builders, under a Contract for Manufacture and Sale of Cruisin' Tiki® Vessel for Commercial Purposes (the "Vessel Purchase Agreement"), the current form of which is attached as Exhibit C to this Disclosure Document. The Vessel Purchase Agreement for your Cruisin' Tikis Vessel (or your first Cruisin' Tikis Vessel if you agree to operate more than one) will be signed when you sign the Franchise Agreement. If you are agreeing to deploy and operate more than one Cruisin' Tikis Vessel, you must sign, for each Vessel, Cruisin' Tikis Builder's then-current Vessel Purchase Agreement (the terms and price for which may be materially different than what is reflected in the Vessel Purchase Agreement attached as Exhibit C), and pay the fees due under such Vessel Purchase Agreement, with sufficient time for the Vessel to be manufactured, delivered and deployed by the date mentioned in the Activation Schedule of the Franchise Agreement. There is no limit on the number of additional Vessels you may deploy and operate in your Designated Territory.

Depending on where you will operate your Cruisin' Tikis Vessels, your Business may be seasonal. We expect that your Business activities decrease in the colder winter months, and if waterways freeze in your area, you will not be able to operate your Business until the waterways thaw. The storage and weatherization procedure for your Vessel(s) will also vary depending on the climate in which you operate. Each Designated Territory has access to the waterways listed in the Franchise Agreement, with a minimum of one (1) waterway per Designated Territory. The minimum number of Vessels a franchisee must operate is one (1).

Market and Competition

Your Business will compete with other charter businesses that offer recreational excursions, particularly those that provide water excursions. The market for the services and products your Business will offer and those that are offered by Cruisin' Tikis Businesses

generally is competitive, particularly in markets where other themed recreational activities are available, those with climates that are conducive to outdoor activities, and those that are active tourist destinations. The level of competition is likely to increase as and when other outdoor recreational activities are offered.

Regulations

You must comply with all federal, state, and local laws, ordinances, and regulations that are applicable to the operation of businesses generally. In addition, there are special laws that will be applicable to the conduct of your Business and operation of your Vessels, and you may be required to secure a boating or similar license to comply with these laws. Commercial charter boats fall under the jurisdiction of the United States Coast Guard, among other state and local departments and/or agencies, which establish rules and guidelines for the operation of commercial water vessels. You are also responsible for obtaining any licenses or permits required for operating your Vessels. Selling alcoholic beverages is not currently a part of the Cruisin' Tikis System, but we do not prohibit our franchisees from doing so or from allowing customers to bring their own alcoholic beverages on board provided they comply with applicable laws relating to those activities. The sale of alcoholic beverages requires a license and is regulated under local law. Localities may also regulate the public consumption of alcoholic beverages. You will need to understand and comply with these and all other laws applicable to your Business. We urge you to investigate and make further inquiries about these laws and regulations.

ITEM 2
BUSINESS EXPERIENCE

Chad Darby – Chairman of the Board

Mr. Darby has served as our Chairman of the Board since June 2022, and he has also been an owner of Cruisin' Tikis Transportation Services since June 2022. Mr. Darby has also been a self-employed musician since January 2011. Mr. Darby serves in his current positions from Gainesville, Florida. Mr. Darby is the son of Karen Darby and the brother of Kelly Gilbert.

Karen Darby – Director and President

Ms. Darby has served as our Director and President since June 2022, and he has also been an owner of Cruisin' Tikis Transportation Services since October 2016. From June 2018 to June 2022, Ms. Darby was not employed with anyone. Ms. Darby serves in her current position from Fort Lauderdale, Florida. Ms. Darby is the mother of Chad Darby and Kelly Gilbert.

Kelly Gilbert – Director

Ms. Gilbert has served as our Director since June 2022, and she has also been an owner of Cruisin' Tikis Transportation Services since June 2022. Since 2012, Ms. Gilbert has also been employed in various positions with Chick-fil-A, Inc., most recently as its Principal Data Portfolio Lead. Ms. Gilbert serves in her current position from Atlanta, Georgia. Ms. Gilbert is the daughter of Karen Darby and the sister of Chad Darby.

Janie Armstrong – Director, Executive Vice President, and Secretary

Ms. Armstrong has served as our Director, Executive Vice President, and Secretary since June 2022. Ms. Armstrong served as our (i) Director of Operations from May 2021 to June 2022, and (ii) Franchise Operations representative from April 2018 to April 2021. Ms. Armstrong serves her current position and has served her past positions from Fort Lauderdale, Florida.

Sean Dannelly– Director and Chief Financial Officer

Mr. Dannelly has served as our Director and Chief Financial Officer since June 2022. He has also been serving as the President and Founding Partner of Dannelly, Monteleone & Associates, LLC since January 2010. He served as the Director and Founding Member of Paladin Global Partners, LLC from May 2007 to February 2024. Mr. Dannelly serves in his current positions from Fort Lauderdale, Florida.

ITEM 3
LITIGATION

The Commissioner of Financial Protection and Innovation v. Cruisin' Tikis, LLC (California Department of Financial Protection and Innovation, File Org ID: 346859). California Department of Financial Protection and Innovation (the "Department") brought an action against CTL to assess whether CTL's grant of 2 licenses in California for the operation of Cruisin' Tikis vessels amounted to the offer and sale of unregistered franchises under the California Franchise Investment Law ("CFIL). Pursuant to a Consent Order dated February 3, 2022, the Department issued a citation against CTL for violation of Section 31119(a) of California's Corporation Code, and CTL: (1) agreed to desist and refrain from making unregistered offers or sales of franchises without complying with the registration and disclosure requirements under the CFIL; and (2) paid an administrative penalty of $5,000.

No other 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 Fees - $20,000

On signing the Franchise Agreement, you must pay us an initial franchise fee of $20,000 (the "Initial Fee"). Under the Veterans and First Responder Incentive program, we offer a discounted Initial Fee of $18,000 to qualifying franchisees. The Initial Fee is payable in lump sum, is uniformly imposed, and is not refundable under any circumstances.

Purchase of Vessel - $56,500 - $58,500

When you sign the Franchise Agreement, you must also sign the Vessel Purchase Agreement with our affiliate, Cruisin' Tiki Builders. Under the Vessel Purchase Agreement, you will be obligated to purchase a Vessel for a price of $56,500 to $58,500 (depending on the optional items you choose to be installed on your Vessel), 50% of which is payable simultaneously upon the execution of the Vessel Purchase Agreement and the remaining is payable prior to the delivery of the Vessel. The purchase price of the Vessel is uniformly imposed and is not refundable under any circumstances.

If you and we agree, based on mutual negotiation, that you will deploy more than one vessel at the opening of your Business, then your total cost of purchasing the Vessels will be $56,500 to $58,500 (depending on the optional items you choose to be installed on your Vessel) multiplied by the number of Vessels you agree to purchase. Similar to your 1st Vessel, 50% of the cost of each additional Vessels will be payable simultaneously upon the execution of the Vessel Purchase Agreement and the remaining 50% prior to the delivery of such additional Vessel. In 2023, two franchisees purchased 1 additional Vessel.

Delivery Cost - $1,000 to $18,000

Prior to the delivery of your Vessel, you will also be required to pay Cruisin' Tikis Builders in lump sum the costs it incurs in delivering your Vessel to your designated marina, which we estimate will be in the range of $1,000 to $18,000 per vessel depending on the distance from the marina at Cruisin' Tiki Builders' facility located in Ft. Lauderdale, Florida. The above amounts are uniformly imposed and not refundable under any circumstances.

Branded Merchandise - $40 to $100

Prior to opening your Business, we may require you to purchase from us a monogrammed captain's shirt, the cost of which will be in the range of $40 to $100. If we require you to purchase the monogrammed captain shirt, the payment for it must be made in a lump sum when the orders are placed and is not refundable. The price for the monogrammed shirt is payable in lump sum, is uniformly imposed, and is not refundable under any circumstances.

ITEM 6
OTHER FEES

TYPE OF FEE[1]	AMOUNT	DUE DATE	REMARKS
Purchase of Additional Vessels	$56,500 to $58,500, plus applicable sales taxes	50% payable simultaneously upon the execution the Vessel Purchase Agreement and the remaining 50% is payable prior to the delivery of the Vessel.	Your actual price will depend on the optional accessories you elect to purchase for your Vessel.

TYPE OF FEE[1]	AMOUNT	DUE DATE	REMARKS
Delivery Cost	$1,000 - $18,000	Prior to delivery of the Vessel.	The amount of the delivery will vary depending on the distance of the delivery, but we estimate them to be in the range shown.
Royalty	6% of Gross Sales (Note 2)	Currently, monthly (by the 5th day of each month).	If you fail to report the Gross Sales, we may debit your account for 110% of the average of the last three (3) Royalty and Brand Promotion Fund contributions that we debited. If we debit less than what you actually owe, we will debit your account for the balance on the day we specify. If we debited more than you owe, we will credit the excess against the amounts we otherwise would debit from your account during the following period.
Brand Promotion Funds	2% of Gross Sales	Currently, monthly (by the 5th day of each month).	The contributions to the Brand Promotion Funds are used to promote and increase awareness of the Cruisin' Tikis brand generally and are not an asset of ours. We may increase your required contribution to any Brand Promotion Fund, and we may require you to contribute to multiple funds, subject to an aggregate cap of 5% of your Gross Sales for all requested marketing.
Technology Fee	Currently not assessed but estimated to be $25 to $100 per month	We anticipate that this amount will be paid in the same manner as the royalty payments.	We may charge Technology Fees for the technology services that we may provide, including for example, website or email hosting, booking services, customer support, help desk support, software, website development, enterprise solutions and other services associated with your Computer System (as defined in Item 11). We reserve the right to change the amount of Technology Fee from time to time based on increases in the costs we or our affiliates incur in providing the services and the addition of new technology platforms, services and software.
Interest on Late Payment	The lower of 18% per annum or the maximum rate allowed by law	As incurred	Owed only on amounts not paid by their due dates.

TYPE OF FEE[1]	AMOUNT	DUE DATE	REMARKS
Bad Payment Fee	$100 per returned check or ACH denied	As incurred	Owed only if checks returned or ACH requests are declined due to insufficient funds.
Non-Compliance Fee	Increase of one point to the rate of Royalty	Currently, monthly (by the 5th day of the month), but only during duration of non-compliance.	Payable in the same manner as your royalty during the time that you are not in compliance with your Franchise Agreement. This fee is intended to compensate us for certain expenses or losses we will incur as a result of the non-compliance and is not considered a penalty or an expression of the total amount of such damages, nor will its payment constitute a cure of the non-compliance.
Transfer Fee	$1,000 if the transferee is one of your then-existing owners that we have approved. 50% of our then-current initial fee for any other transferee.	As incurred	Payable as a condition of our approval of a transfer. This fee is subject to applicable laws.
Renewal Fee	50% of our then-current initial franchise fee for new Cruisin' Tikis franchises. If we are then not offering new Cruisin' Tikis franchises, then the renewal fee will be 50% of last initial franchise fee we charged for a new Cruisin' Tikis franchise.	Upon renewal	Paid in lieu of an initial franchise fee on renewal of the Franchise Agreement.
Audit Fee	Our actual cost	Within 15 days of receipt of audit report	Payable only if we exercise our right to conduct an audit of your books and records, and the audit was triggered by your failure to submit required reports or reveals an understatement of Gross Sales exceeding 5%. If any audit reveals understatement of amounts payable to us, then you must also pay the understated amount plus interest thereon.

TYPE OF FEE[1]	AMOUNT	DUE DATE	REMARKS
Inspection and Reinspection Expenses	Our actual costs (including travel expenses, room and board and compensation of our representatives)	As incurred	Payable only if we conduct inspections or follow-up visits after any audit or inspection of your Business or Vessel(s) identifies failure to comply with the System Standards (as defined in Item 8).
Management Fee	10% of Gross Sales plus costs and expenses	As incurred	Payable only if we assume management of your Business due to your abandonment or failure to cure defaults of the Franchise Agreement or any mandatory System Standard within the specified cure period, or if the Franchise Agreement expires or is terminated and we are deciding whether to exercise our option to purchase the assets comprising your Business.
Training Fee	Our actual costs	As incurred	Payable if you request and we agree to provide training or assistance; if we require you, your Lead Operator, and other trainees to attend any training programs; and if changes to the Computer System require you to complete additional training.
Vendor Testing Fees	Estimated at $250	As incurred	If you ask us to approve, and we agree to evaluate, a specific vendor, we may require you to reimburse us the costs we incur in evaluating that vendor.
Insurance Reimbursement	Reimbursement of our costs to maintain coverage, plus a reasonable fee for our time incurred in obtaining such insurance.	As incurred	Payable only if you fail to obtain and maintain required insurance, and we, at our option, obtain or reinstate the insurance for you.
Indemnification	Our and our affiliates' actual costs	As incurred	Payable only if an indemnifiable claim is asserted against us and certain related parties arising out of your Business's operations.
Costs and Attorneys' Fees	Our actual costs	As incurred	Payable only if you do not comply with the Franchise Agreement and we are the prevailing party in any relevant litigation or arbitration.

TYPE OF FEE[1]	AMOUNT	DUE DATE	REMARKS
Liquidated Damages	An amount equal to the then net present value of the Royalty fees and Brand Promotion Fund contributions that would have become due for the remainder of the term of the Franchise Agreement had the agreement not been terminated.	As incurred	Payable only if we terminate the Franchise Agreement for your default. If your Business has not been in operation for at least 12 months preceding the termination date, damages will be based on the average monthly gross sales of all Cruisin' Tikis Vessels during our fiscal year immediately preceding the termination. For this purpose, amounts that are based on the Gross Sales shall be calculated based on your Gross Sales for the 12 months preceding the effective date of termination.

NOTES

1. Except as described in this Item 6, all fees described in this chart are imposed by and payable to us and our affiliates, are non-refundable, and are uniformly imposed.

2. The term "Gross Sales" means all consideration derived from or attributed to, directly or indirectly, from operating your Business (whether or not in compliance with this Agreement and including alcohol sales should you choose to make such sales), whether from cash, check, credit and debit card, barter exchange, trade credit, or other forms of consideration, less any federal, state, or municipal sales, use or service taxes collected from customers and paid to the appropriate taxing authority. Gross Sales includes the proceeds of any business interruption insurance or similar insurance proceeds you receive to replace revenue that you lose from the interruption of your Business due to a casualty or other similar event. If we authorize or require participation in online group-bought deals (e.g., Groupon or Living Social), gift certificate and/or gift card programs, the payments you receive for those online group-bought deals, gift certificates or gift cards will be included in Gross Sales in accordance with our then current guidelines for calculating Gross Sales. If you discount the price of any product or service you sell through your Business more than the discount consented to and approved by us in the operations manual from time to time, your revenue from the transactions will be deemed to be the undiscounted price regularly charged for that product or service, less the amount of approved discount. If you choose to sell alcoholic beverages or any other items on which, under applicable law, you are not allowed to pay a royalty, then we reserve the right to modify your other payment obligations to us in order to provide us with the same basic economic benefit.

ITEM 7
ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT

TYPE OF EXPENDITURE[1]	AMOUNT	METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS TO BE MADE
Initial Franchise Fee[2]	$20,000	Lump Sum	Upon signing Franchise Agreement	Us
Dock Rent and Deposit[3]	$1,000 - $12,000	As Arranged	As Incurred	Third-party supplier
Vessel Purchase[4]	$56,500 - $58,500	In 2 installments	50% of the Vessel cost upon execution of the Franchise Agreement and the remaining 50% and delivery charges prior to delivery of the Vessel.	Our affiliate
Delivery Costs[5]	$1,000 - $18,000	Lump Sum	Prior to delivery of the Vessel	Our affiliate and third-party suppliers
Furniture, Fixtures and Equipment[6]	$0 - $500	As Arranged	As Incurred	Suppliers
Branded Merchandise[7]	$40 - $100	Lump Sum	Prior to the opening of your Business	Us or our affiliate
Computer System, Equipment and Supplies[8]	$175 - $3,000	As Invoiced	As Incurred	Third-party suppliers
Grand Opening Advertising[9]	$2,000 - $3,000	As Invoiced	As Incurred	Third-party suppliers
Miscellaneous Opening Costs[10]	$100 - $300	As Arranged	As Incurred	Third-party suppliers
Signage[11]	$200 - $250	Lump Sum	As Incurred	Third-party suppliers
Insurance Premium[12]	$800 - $4,000	As Invoiced	As Incurred	Third-party suppliers
Business Licenses and Permits[13]	$200 - $2,000	As invoiced	As Incurred	Third-party suppliers and government agencies
Additional Funds - 3 months[14]	$1,000 - $2,000	As Invoiced	As Incurred	Third-party suppliers and employees
TOTAL ESTIMATED INITIAL INVESTMENT	**$83,015 - $123,650**			

NOTES

1. All fees payable to us or our affiliates are not refundable. All amounts payable to third-party suppliers will be paid according to the terms of your agreement with these respective third-party suppliers. Whether any of the other payments are refundable will depend on the arrangement between you and the third-party supplier. The amounts shown in this table are for one Vessel and one Designated Territory. This estimate does not include the costs of obtaining a liquor license, since serving alcohol is not part of the Cruisin' Tikis concept (although we do not prohibit it as long as you have all required licenses or permits).

2. The amount shown is the total Initial Franchise Fee. However, we offer a discounted Initial Franchise Fee of $18,000 pursuant to our Veterans and First Responder Incentive program to qualifying franchisees.

3. The amount shown is the range expenditure that you may incur towards security deposit and 3 months' rent for a Dock (defined below). We do not provide assistance with locating your Dock, nor will we own or lease the Dock to you. While we may refer you to potential docks, it is your responsibility to locate and submit proposed docks for our approval.

4. The amount shown is the price range to purchase one Vessel manufactured and outfitted by Cruisin' Tiki Builders and delivered to you with required trade dress and branding elements. The exact price of a Vessel may vary depending on a number of factors, including the optional items you choose to be installed on the Vessel, the costs of tariffs, and increases/decreases in the price of raw materials.

5. The actual delivery cost will depend on the distance of the delivery, but we estimate that amount to be in the range shown above.

6. Your Vessel comes fully equipped and compliant with the U.S. Coast Guard requirements and safety standards that are in effect as of the date of delivery. We do not require that you purchase any additional furniture, fixtures, or equipment. This estimate assumes that you might want to purchase a basic tool set and minimal dock-side seating for your employees to use between excursions.

7. While currently optional, you may be required to purchase uniforms for use in the operation of your Business, consisting of at least one monogrammed captain's shirt. The costs shown include one monogrammed captain's shirt.

8. We use an internet-based system that can be accessed via an app using any device with internet connection. This range includes the online booking and charter management system and the cost of other hardware. This range excludes the cost of credit card processing and swipe equipment as we do not require you to purchase them.

9. As described in Item 11, you must conduct an approved grand opening marketing program for your Business to take place leading up to when you begin operating your 1st Cruisin' Tikis Vessel. The actual amount you will be required to spend will depend on the ability to generate social media exposure.

10. This range includes miscellaneous opening costs such as pre-opening marketing and personnel ads, and prepayment or deposits for telephone services.

11. Your Cruisin' Tikis Vessels will come equipped with on-board signage, including one flag/banner. The amounts shown assume you purchase one additional dock-side flag/banner.

12. You must, at your own expense, keep in force insurance policies for your Cruisin' Tikis Vessel(s) and your Business. We reserve the right to change the types and amounts of coverage. This estimate is based on our current requirements, and will likely be impacted by your Business' location, and the number of months your Business is projected to operate each year. See Item 8 for a list of our minimum coverages and coverage amounts. You will likely have to prepay all or a portion of the first year's premiums for insurance.

13. You must obtain state and local licenses and business and charter licenses, as required by applicable law. You may have to post bonds in order to obtain certain governmental permits before your Business opens.

14. Our estimates of the amounts needed to cover your Business's expenses for the start-up phase (i.e., three (3) months from the date your Business opens for business) include: replenishing your inventory, initial advertising and promotional expenditures, employee payroll (if applicable), fuel expenses, vessel registration fee, and other variable costs. These amounts do not include any estimates for debt service on loans that you obtain to finance your Business and we do not finance any part of your initial investment.

15. If you and we agree that you will deploy more than one Vessel at the opening of your Business, your total initial investment will increase by $59,400 to $83,400 per additional vessel, which includes the Vessel purchase price ($56,500 to $58,500), delivery cost ($1,000 to $18,000), furniture, fixtures and equipment ($0 to $500); branded merchandise ($40 to $100); miscellaneous opening costs ($100 to $300); insurance ($800 to $4,000); and additional funds ($1,000 to $2,000).

The estimated initial investment figures shown above are based primarily on the experience of our affiliates and franchisees.

ITEM 8
RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

Standards and Specifications

In order to maintain the quality, uniformity and brand image of all services, products, supplies, inventory, tools, and equipment utilized by Cruisin' Tikis businesses, we may periodically issue mandatory and suggested standards, specifications, operating procedures, and rules for Cruisin' Tikis Vessels and for our approved or designated products, services, and suppliers (the "System Standards"). You must strictly comply with the mandatory System Standards. You must offer and sell all, and you are permitted to offer and sell only, those products and services that we have specifically approved or not disapproved, in writing. We may modify our manuals and bulletins, including operations manuals (collectively, the "Manual"), periodically to reflect changes in System Standards. You have sole responsibility for the

operation of your Vessels and the implementation and maintenance of System Standards at your Business.

In operating your Business, you must use only those types of equipment, tools, supplies, Computer System, and inventory (collectively, the "Operating Assets") that we have approved according to our System Standards. We will not issue to you or to our approved suppliers (except as we deem necessary for purposes of production) our specifications for proprietary Operating Assets. Otherwise, we will communicate our System Standards and approved Operating Assets to you in the Manual and otherwise in writing.

Designated and Approved Suppliers

As part of our System Standards, we may require you to purchase or lease all Operating Assets from suppliers that we approve or designate in writing. In some cases, there may be a single approved or designated supplier, and that supplier may be us or our affiliate. We may choose not to require you to purchase all new tools if you have some or all of the tools required for the operation of your Business and they are in condition satisfactory to us. We will provide a list of approved and designated suppliers to our franchisees in our Manuals or otherwise in writing, which may be modified periodically.

None of our other officers own an interest in any approved suppliers other than our affiliates.

You must seek our written approval if you want to purchase or use any Operating Asset which has not been specifically approved by us in writing or purchase an Operating Asset from a supplier which has not been specifically approved by us in writing. In order to seek our approval of your proposed notify us in writing and submit to us sufficient specifications, photographs, drawings and other information or samples for us to determine whether the proposed item complies with our specifications and standards, and the supplier meets our approved supplier criteria, which determination will be made and communicated to you in writing within a reasonable time, typically within 30 days after receipt of the information from you or from the proposed supplier. We may impose limits on the number of approved suppliers. We may, upon notice to you, elect to withhold supplier approval of a supplier or revoke approval of any supplier, if at any time the supplier fails to meet any of our criteria. Our supplier approval criteria are not available to you. If you request our approval of a new supplier and we choose to evaluate your proposed supplier, we may require you to reimburse us the costs we incur in making this evaluation.

Required Purchases

You must currently purchase (i) the Vessel(s) from our affiliate, Cruisin' Tikis Builders, which also arranges for the delivery of the Vessels; and (ii) certain components of the Computer System from our designated vendors. Currently, the purchase of monogrammed captain's shirts is optional; however, if you wish to make such purchase, you must buy the monogrammed captain's shirts from us.

During the 2023 fiscal year, which ended on December 31, 2023 (i) we did not derive any revenue from direct sale of any product or service to our franchisees, (ii) our affiliate, Cruisin' Tikis Builders, derived $785,889 in revenue from sales of goods and services to our franchisees,

and (iii) Cruisin' Tiki Logistics, LLC derived $50,750 in revenue from sales of goods and services to our franchisees. During our prior fiscal year which ended on December 31, 2023, we and our affiliates did not receive any revenue or material consideration from suppliers or distributors based on franchisee purchases. We estimate that 95% to 100% of your initial investment and 75% to 85% of your ongoing expenditures will be directed to purchase products and services that will be restricted by us in some manner.

Insurance

You must maintain the minimum insurance coverage required by applicable law or required by us for your Business. You will purchase all insurance policies at your own expense. Currently, our current minimum requirements include:

1) Comprehensive general liability insurance, personal injury, advertising injury, completed operations, products liability, and fire damage coverage in the amount of $1,000,000 per occurrence;
2) Comprehensive and collision coverage for the full cost of replacement of your customized Vessel(s), including the equipment permanently attached to the customized Vessels(s);
3) Commercial automobile liability coverage, including coverage of owned, non-owned and hired vehicles, including the customized Vessel(s), with coverage in amounts not less than $1,000,000 combined single limit per occurrence and general aggregate;
4) Excess liability umbrella coverage of not less than $1,000,000;
5) Business interruption insurance of at least $10,000;
6) If applicable, Employee Benefits Liability, and worker's compensation insurance in amounts provided by applicable law or, if permissible under applicable law, any legally appropriate alternative providing substantially similar compensation for injured workers satisfactory to us.

We may periodically increase the amount of insurance coverage you must maintain or require different or additional insurance coverages (including reasonable excess liability insurance) to reflect inflation, identification of new risks, changes in law or standard of liability, higher damage awards or other relevant changes in circumstances. Each liability insurance policy must name us and our designated affiliates and our and their respective principals, officers, directors, managers, owners, employees, agents, representatives, and independent contractors as additional insureds, using a form of endorsement we have approved. You must routinely provide us with copies of your Certificate of Insurance for each insurance policy, or other evidence that you maintain the required insurance coverage and that you are paying premiums. You must provide us with 30 days prior written notice of material changes to or cancellation of any policy.

Purchase Arrangements, Material Benefits, and Revenue

We or any of our affiliates may derive revenue or profit from selling products or services to Cruisin' Tikis businesses. We or our affiliates may also negotiate purchase arrangements, including prices and terms, with designated and approved suppliers for Cruisin' Tikis businesses. We or our affiliates may derive revenue, rebates, or other material consideration from those arrangements and/or from our designated third-party suppliers or distributors in connection with your purchase of products or services from them; however, currently neither we nor our affiliates have entered into any such agreement. The basis for the payments made to us or our affiliates will depend on the type of product or service supplied.

Unless provided in the agreement with the approved supplier, neither we nor our affiliates will be obligated to spend funds received from approved suppliers nor are we or they bound to spend these funds in any particular manner or for any particular purpose.

As of the date of this Disclosure Document, there are no purchasing or distribution cooperatives for any of the items described above. We do not currently provide any of our franchisees with any material benefits on the basis of their purchase of a particular product or service, or from a particular supplier.

ITEM 9
FRANCHISEE'S OBLIGATIONS

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

OBLIGATION		SECTION IN AGREEMENT	ITEM IN DISCLOSURE DOCUMENT
A.	Site selection and acquisition/lease	Sections 2.A and 5.B	Items 8 and 11
B.	Pre-opening purchases/leases	Sections 5.A, 5.B and 5.C	Items 5, 6, 7, 8, and 11
C.	Site development and other pre-opening requirements	Section 5.B and 5.C	Items 7, 8, and 11
D.	Initial and ongoing training	Section 4.A (Initial Training – N/A)	Item 11
E.	Opening	Section 5.E	Item 11
F.	Fees	Section 3	Items 5, 6 and 7
G.	Compliance with standards and policies/Manuals	Sections 4.B and 9	Items 8, 11 and 14
H.	Trademarks and proprietary information	Sections 8 and 9	Items 13 and 14
I.	Restriction on products/services offered	Sections 5.F and 5.G	Items 8 and 16
J.	Warranty and customer service requirements	Section 5.I	Not applicable

OBLIGATION	SECTION IN AGREEMENT	ITEM IN DISCLOSURE DOCUMENT
K. Territorial development	Sections 2.A and 2.B	Item 6 and Item 12
L. Ongoing product/service purchases	Section 5.F	Item 8
M. Maintenance, appearance and remodeling requirements	Section 5.A	Item 11
N. Insurance	Section 5.J	Items 7 and 8
O. Advertising	Sections 2.B and 6	Items 6, 7 and 11
P. Indemnification	Section 16.B	Item 6
Q. Owner's participation, management, and staffing	Section 5.H	Items 11 and 15
R. Records/reports	Section 7	Items 6 and 11
S. Inspections/audits	Section 11	Items 6 and 11
T. Transfer	Section 12	Items 6 and 17
U. Renewal	Section 13	Items 6 and 17
V. Post-termination obligations	Section 15	Item 17
W. Non-competition covenants	Sections 10 and 15.A	Item 17
X. Dispute resolution	Section 18	Item 17

ITEM 10
FINANCING

We do not offer direct or indirect financing to our franchisees. We do not guarantee your promissory notes, mortgages, leases, or other obligations.

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

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

Our Pre-Opening Obligations

Before you open your Business, we or our affiliates will provide you the following assistance:

1) Review and either approve or disapprove your proposed Dock. (Franchise Agreement – Section 5.B)
2) Review and either approve or disapprove any Possession Agreement (as defined below) applicable to the Dock. (Franchise Agreement – Section 5.B)
3) Provide you with one copy of our Manuals (defined in Item 11). (Franchise Agreement – Section 4.B)

4) Provide information with respect to System Standards, Operating Assets, and lists of approved suppliers or vendors. (Franchise Agreement – Sections 4.B, 5.A, 5.C, 5.F and 5.G)

5) Deliver the Vessel to your designated marina; however, we do not deliver or install any other Operating Assets such as signs, fixtures, opening inventory, and supplies (Vessel Purchase Agreement – Section 5)

Site Selection and Lease of Dock

You are required to secure and maintain a dock (your "Dock") for each of your Cruisin' Tikis Vessels at a location we approve and that meets our System Standards within the Designated Territory approved by us. We do not provide assistance with locating your Dock, nor will we own or lease the Dock to you. Because the Franchise Agreement does not require that you maintain an inventory or require extensive supplies, you do not need a separate location for storing those items. We will not sign a Franchise Agreement with you until we have approved your Dock space. We will approve or disapprove of your proposed Dock based on factors such as convenience, accessibility, visibility, competition, etc. While we may refer you to potential docks, it is your responsibility to locate and submit proposed docks for our approval. We may refuse to enter into a Franchise Agreement with you if: (i) you and we cannot agree on a Dock site; or (ii) you fail to secure a Dock site within four (4) weeks of the effective date of the Franchise Agreement. If you are required to resubmit a Dock site for our approval, we will provide you with an additional 14 days, on top of the four (4) weeks, to receive our approval of your proposed Dock.

We must approve the terms of any lease, sublease, or other document for securing possession of your Dock (a "Possession Agreement"). Each Possession Agreement must contain certain provisions we require, including collateral assignment, access to property, and rights to cure outstanding defaults at your expense. It is your sole responsibility to ensure that each Possession Agreement meets our criteria and contains all required language to protect our rights, and we recommend that you retain an attorney to assist you.

Neither our approval of your Dock, nor our assistance in negotiating the terms of any Possession Agreement (should we choose to provide it), constitutes a guarantee or warranty, express or implied, of the suitability of such premises or the terms of such Possession Agreement. Our approval and assistance indicate only that we believe that the Dock or Possession Agreement meets our then-acceptable criteria which we have developed for our own internal purposes. We do not guarantee or impose on ourselves any specific time period by which we will approve or reject your proposed Dock, but we typically do so within fourteen (14) days of receiving notice from you.

Opening of Your Business

We estimate that you will begin operating your Business within 90 to 120 days of signing the Franchise Agreement, depending on when you take delivery of your Vessel, acquire the right to use the Dock, meet our standards and specifications, acquire the required insurance policies, meet all regulatory requirements, obtain all required permits, and obtain the required Operating Assets. Whether you will deploy a single Vessel or multiple Vessels, your Franchise Agreement will include an Activation Schedule, that you and we agree upon in advance, by which you must

deploy your Vessels. We may terminate your Franchise Agreement if you fail to activate your Vessels in accordance with the Activation Schedule of your Franchise Agreement.

Our Obligations During the Operation of Your Business.

During the operation of your Business, we or our affiliates will provide you the following assistance:

1) Continue providing you one copy of our Manuals (defined in Item 11). (Franchise Agreement – Section 4.B)

2) Provide information with respect to System Standards, Operating Assets, and lists of approved suppliers or vendors. (Franchise Agreement – Sections 4.B, 5.A, 5.C, 5.F and 5.G)

3) Review and, if acceptable, approve any advertising and marketing materials and programs that you develop or desire to implement for your Business that we have not previously approved or provided to you. (Franchise Agreement – Section 4.B and Section 6)

Subject to applicable laws, we may, but are not obligated to, set the minimum and maximum prices at which the franchisee must sell products and services to the customers of your Business (Franchise Agreement – Sections 5.K)

Advertising and Promotion Programs.

A. **Brand Promotion Funds**.

We have established marketing and brand promotion funds to promote, on international, national, regional, or local levels, the Marks, patronage of Cruisin' Tikis Vessels, and the Cruisin' Tikis® brand generally (collectively, the "Brand Promotion Funds"). We currently require all franchisees to contribute 2% of monthly Gross Sales to the Brand Promotion Funds. We have the right to increase the amount you must contribute to each Brand Promotion Fund at any time, with notice to you, but in no event will the aggregate amount of your required contributions to all Brand Promotion Funds and Local Advertising Expenditure (as defined below) exceed 5% of Gross Sales (the "Required Marketing Cap"). Contributions to the Brand Promotion Funds will be payable in the same manner as the Royalty unless we specify otherwise. Cruisin' Tikis businesses that we or our affiliates may own, who are not themselves franchisees, are not required to, but would contribute to the Brand Promotion Funds, in the aggregate, on the same basis as our franchisees do. During our 2023 fiscal year, no portion of the Brand Promotion Funds was used primarily to solicit the sale of franchises.

We will direct all programs and activities of the Brand Promotion Funds and have sole control over the creative concepts, materials, and endorsements used and their geographic, market, and media placement and allocation. We reserve the right to delegate responsibility for the management of any Brand Promotion Fund. The Brand Promotion Funds may pay for all activities in which it engages. The Brand Promotion Fund will give you samples of advertising, marketing, and promotional formats and materials at no cost.

We will account for the Brand Promotion Funds separately from our or our affiliates' other funds. The Brand Promotion Funds will not be our asset, and we will not use them for any of our or our affiliates' general operating expenses. However, we may reimburse ourselves or

pay our affiliates or other designees from the Brand Promotion Funds for the reasonable salaries and benefits of personnel who manage and administer the Brand Promotion Funds, the Brand Promotion Funds' other administrative costs, travel expenses of personnel while they are on Brand Promotion Funds business, meeting costs, general business overhead, and other expenses that we incur in activities reasonably related to administering or directing the Brand Promotion Funds and their programs, including conducting market research, public relations, preparing advertising, promotion, and marketing materials, and collecting and accounting for contributions to the Brand Promotion Funds.

Neither we nor our affiliates owe any fiduciary obligation to you for administering the Brand Promotion Funds or any other reason. Each Brand Promotion Fund may (i) spend in any fiscal year more or less than the total contributions to the Brand Promotion Fund in that year, and/or (ii) borrow from us or others (paying reasonable interest) to cover deficits or invest any surplus for future use. All interest earned on the contributions to the Brand Promotion Funds will be used to pay costs before using the Brand Promotion Funds' other assets. If all contributions to a Brand Promotion Fund are not spent in the fiscal year in which they accrue, we reserve the right to use such contributions towards upcoming fiscal year's programs and activities of the applicable Brand Promotion Fund. We will prepare an annual, unaudited statement of collections and expenses of the Brand Promotion Fund and you may obtain a copy of the statement for the most recently ended fiscal year by making a written request to us. We may have any Brand Promotion Fund audited annually, at the Brand Promotion Fund's expense, by an independent certified public accountant.

We intend for the Brand Promotion Funds to promote recognition of the Marks and patronage of Cruisin' Tikis Vessels generally. Although we will try to use and cause the Brand Promotion Funds to develop and use advertising and marketing materials in a way that will benefit all Cruisin' Tikis Vessels contributing to the particular Brand Promotion Fund, we need not ensure that the Brand Promotion Fund's expenditures in or affecting any geographic area are proportionate or equivalent to Brand Promotion Fund's contributions by Cruisin' Tikis Vessels operating in that geographic area or that any Cruisin' Tikis business or Cruisin' Tikis Vessel benefits directly or in proportion to its contribution from the development of advertising and marketing materials or the placement of advertising and marketing.

We have the right, but no obligation, to use collection agents and institute legal proceedings to collect contributions to the Brand Promotion Funds at the Brand Promotion Funds' expense. We also may forgive, waive, settle, and compromise all claims by or against the Brand Promotion Funds. Except as provided in the Franchise Agreement, we assume no direct or indirect liability or obligation to you for collecting amounts due to, maintaining, directing, or administering the Brand Promotion Funds.

If we terminate any Brand Promotion Fund, we will either refund the balance of the particular fund to its contributors, pro rata, or spend all remaining monies in the Brand Promotion Fund as we deem fit.

During the 2023 fiscal year, which ended on December 31, 2023, the contributions made to the Brand Promotion Fund were spent as follows: (i) 38% on media production; (ii) 31% on media placement; (iii) 8% on administrative expenses, and (iv) 23% on other miscellaneous expenses.

Except for administering the Brand Promotion Fund, we owe no obligation to advertise Cruisin' Tikis® business. However, if we choose to advertise Cruisin' Tikis® businesses we may use any form of media with local, regional, or national coverage and our advertising materials may be prepared in-house or by a third-party advertising agency. We are not required to spend any amount on advertising in your Designated Territory.

B. **Local Marketing Expenditures**

You must advertise your Business as provided in the Manual, using forms of advertisement we approve. You must (i) not advertise your Business within the designated territory granted to other franchisees without our prior written approval, (ii) list your Business with the online directories and subscriptions we periodically prescribe (such as Yelp® or Google®), (iii) establish any other online presence we require or authorize, and (iv) comply with all our System Standards for your local advertising, including your online presences.

Subject to the Required Marketing Cap, we may require you from time to time to spend a minimum amount per month to advertise and promote your Vessel (this may include the costs of online directory advertising) (the "Local Advertising Expenditure"). We reserve the right to approve the type of expenditure that will count towards your Local Advertising Expenditure. Indirect costs you incur in managing your local advertising campaigns, such as salaries and benefits of employees administering the campaigns, will not be counted towards your Local Advertising Expenditure. At our request, you agree to send us, in the manner we prescribe, an accounting of your Local Advertising Expenditures during the preceding months. Your local advertising and promotion must follow our guidelines, and must be completely clear, factual, and not misleading and must conform to both the highest standard of ethical advertising and marketing.

C. **Grand Opening Advertising**

In addition to your other advertising obligations, you must conduct an approved grand opening advertising program for your Business to take place leading up to when you begin operating your 1st Cruisin' Tikis Vessel. You must use only our approved media, materials, programs and strategies for the grand opening marketing program. Currently, we estimate you will spend $2,000 – $3,000 on your grand opening advertising program. The actual amount you will be required to spend will depend on the ability to generate social media exposure.

D. **Other Advertising Obligations**

You may not use any advertising, promotional, or marketing materials that we have not approved or have disapproved, including internet advertisements. Your advertising, promotion, and marketing must be completely clear, factual, and not misleading and conform to both the highest standards of ethical advertising and marketing and the advertising and marketing policies that we prescribe periodically. At least 14 days before you use them, you must send to us for approval samples of all advertising, promotional, and marketing materials which we have not prepared or previously approved. If you do not receive written approval within seven (7) days after we receive the materials, they are deemed to be disapproved. Once we approve the materials, you are permitted to use them unless and until we withdraw our approval for any reason we deem fit. You may not engage in any promotional or similar activities, directly or

indirectly, through or on the Internet, the World Wide Web, or any other similar proprietary or common carrier electronic delivery system unless approved by us.

We may, but are not obligated to, provide you with a webpage on the website for Cruisin' Tikis franchise system that references your Business. If we provide you with a webpage, you must: (i) provide us the information and materials we request to develop, update, and modify your webpage; and (ii) notify us whenever any information on your webpage is not accurate. We have final approval rights over all information on the system website for the Cruisin' Tikis franchise system (including your webpage). You may not develop, maintain, or authorize any other online presence or create or use a screen name, username or profile on any social networking site that mentions or describes you or your Business or displays any of the Marks.

E. **Advertising Cooperatives**

There are no advertising cooperatives that you must participate in, but we may form them in the future. The governing documents for the advertising cooperative you may be required to participate in (i) will be available to you for review, and (ii) will determine the amount that the participating Cruisin' Tikis Businesses are required to contribute subject to the Required Marketing Cap. We anticipate that Cruisin' Tikis businesses owned by us or affiliates that operate Vessels in the area covered by the advertising cooperative may contribute to the advertising cooperative at the same rate as the franchisees. We will administer and retain the right to merge, change, and dissolve any and all advertising cooperatives that may be formed for Cruisin' Tikis businesses. If and when we form advertising cooperatives, we may prepare periodic unaudited financial statements that members may review.

F. **Franchise Advertising Council**

We do not currently have a Franchise Advertising Council, but we may constitute one in the future.

Computer Hardware and Software

You must obtain and use in the operation of your Business the integrated computer hardware and software system, including an integrated computer-based point-of-sale system and technology maintenance and support contracts, that we designate or approve from time to time (the "Computer System"). The Computer System currently consists of (a) an internet-enabled device you already own (which can be your smart phone or tablet), (b) either Fare Harbor or Peek Pro, web-based applications used for bookings and credit card processing, (c) Squarespace (website builder), (d) Quickbooks, a web-based accounting and payroll software, and (e) a technology support contract with our designated vendor, currently BMK Technologies. Although the Computer System must meet our standards and specifications, you have the sole responsibility to ensure that it functions properly. We bear no liability for any failure of the Computer System's hardware or software, programming interfaces, internet connectivity or security measures. We may, without restriction, modify specifications for, and components of, the Computer System, and those modifications might require you, at your expense, to purchase, lease, or license new or modified computer hardware or software and to obtain service and support for the Computer System regardless of whether those costs are fully amortizable over this Agreement's remaining Term. The owner of the web-based systems will push updates to your system, but you are not generally required to purchase them. The cost of purchasing the

Computer System and the annual cost of maintenance and the support contract for the Computer System will be in the range of $175 to $3,000.

We or our affiliate(s) will provide the required operations software, and you will purchase the rest of the above items from an approved supplier. We will provide updates and upgrades to the software when necessary, but we are not otherwise obligated to provide any ongoing maintenance or repairs. Your Computer System will enable you to collect information about customer work orders and inventory, and we will have the ability to access your computer and that information. There are no contractual limitations on our and our affiliates' right to access your Computer System and the data stored on it.

We may require that you use, in the operation of your Business, the e-mail account we provide, and, if required, you must maintain all specified points of high-speed internet connection. We will retain administrative rights to the email account and reserve the right to require that you grant us administrative privileges with respect to social media accounts that you use for your Business. We will have the right to access all such accounts and monitor your activity.

Manual

We provide guidance through the Manual, which may include one or more separate manuals as well as audiotapes, videotapes, compact discs, computer software, information available on an internet site, other electronic media, or written materials. The current Manual is comprised of 81 pages. The table of contents to the current Manual is attached as Exhibit E.

Training Program

We do not currently provide any initial training. We typically sell to experienced boat operators who do not require any further training. We may conduct annual meetings of Cruisin' Tikis franchise owners and provide refresher training programs from time to time at a location that we determine. If we do, we may require you, your owners, and certain of your personnel to attend and successfully complete such training programs to our satisfaction. We may periodically provide advice and general guidance regarding various aspects of the operation of your Business. We will choose the content and manner of delivering such advice and guidance. Any ongoing training or advice we provide does not create an obligation (whether by course of dealing or otherwise) to continue to provide such training or advice, and we may discontinue and modify them from time to time.

ITEM 12
TERRITORY

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

As long as you are in full compliance with the Franchise Agreement and all other agreements with us and our affiliates, and except as described below with respect to the deployment of additional Vessels, we will not, and will not authorize any other person or entity

to, operate a Cruisin' Tikis Vessel within the Designated Territory; however, we may allow other franchisees to advertise and solicit customers within your Designated Territory.

The Franchise Agreement grants you the right and license to operate your Business in, and only in, the Designated Territory. You and we will discuss and agree on the Designated Territory prior to signing the Franchise Agreement, and its description will be included in the agreement. The Designated Territory will usually be described by reference to a map which would include the specific waterways (or portions of waterways) on which you would be authorized to operate your Vessel. The size and configuration of the Designated Territory may vary depending on a variety of factors such as the number of available waterways, population during various day-parts, and tourism statistics.

You must operate your Business only within the Designated Territory, and you may not relocate your Business without first obtaining our written consent (and we are not required to consent to a relocation nor do we have a list of conditions under which we will grant our consent). You are not granted the right to establish or operate another Cruisin' Tikis franchise unless we allow you to enter into a separate Franchise Agreement for that Cruisin' Tikis business.

You may, subject to our written approval, promote your Business and engage in targeted solicitation of customers outside of your Designated Territory. You may not sell products or services outside of your Designated Territory, including through channels of distribution such as the Internet, catalog sales, telemarketing, or other direct marketing, without our consent.

If at any time we determine that, based on independent data and while the Franchise Agreement is in effect, your Designated Territory can support one or more additional Vessels, you will have a right of first refusal to acquire and operate the additional Vessel(s) in your Designated Territory, provided that: (a) you are in full compliance with the terms of the Franchise Agreement (and all other agreements between you and your Affiliates and us and our affiliates), (b) you meet all of our then-current criteria for new franchisees, and (c) we have determined that the cost and resources necessary to deploy the additional Vessels will not adversely affect the operation of your existing Vessel(s) under the Franchise Agreement. If we offer you a right of first refusal, and you do not acquire and deploy the additional Vessels as described in that notice within the deadlines established in our notice, we may, at our option, deploy or authorize other existing or new franchisees to operate such Vessels in your Designated Territory. In such case, we may modify the size or boundaries of your Designated Territory to accommodate such additional Vessels and the designated territory of any such franchisee.

We and our affiliates may, without restriction and without any compensation to you: (1) sell Cruisin' Tikis-branded products and all other products and services through any alternate distribution channels (including, for example, via the internet, mail order, brick and mortar retail shops, and wholesale chains) other than through Cruisin' Tikis Vessels operating within your Designated Territory, even if the products or services sold are identical or similar to, competitive with, or different from those that you are authorized to sell; (2) manufacture and/or sell Cruisin' Tikis Vessels for use outside of your Designated Territory; (3) operate or grant any third party the right to operate any Cruisin' Tikis Vessel that we or our designee acquires as a result of the exercise of a right of first refusal or purchase right that we have under this Agreement or any other agreement; and (4) acquire, be acquired by, merge or affiliate with, or engage in any transaction with other businesses (whether or not competitive) located anywhere and (i) convert

the other businesses to Cruisin Tiki franchises and to allow them to operate as part of the Cruisin' Tikis franchise system, and/or (ii) permit the other businesses to continue to operate under another name. As a result of these provisions, you may face competition from a variety of sources, including from other outlets that we, our affiliates or our franchisees own, and from other channels of distribution or competitive brands that we or our affiliates control.

We and our affiliates do not currently operate or franchise, or currently have plans to operate or grant franchises for a business that operates under a different trademark but that sells or would sell goods or services similar to those you will be authorized to sell under the Franchise Agreement.

ITEM 13
TRADEMARKS

We grant you the non-exclusive right and obligation to use the Marks solely for the purpose of developing and operating your Business. The Marks are owned by CTL, which has granted us the license to use and sublicense the use of the Marks under an Intellectual Property License Agreement, dated November 7, 2018 (the "License Agreement"). The License Agreement has a term of 99 years and can be terminated with or without cause (resulting in the loss of our right to use and to sublicense the use of the Marks). Termination of the License Agreement will not affect any of our existing franchise agreements and will only affect our ability to enter into new franchise agreements licensing the Marks. All rights in and goodwill from the use of the Marks accrue to CTL, us, and our affiliates.

CTL registered the following trademarks on the Principal Register of the United States Patent and Trademark Office ("USPTO"):

REGISTERED MARKS	REGISTRATION NUMBER	CLASS	REGISTRATION DATE
Cruisin' Tikis	5272076	40 – Custom manufacture of boats	August 22, 2017
	5457293	12 – Boats, motorized boats	May 1, 2018
	5516972	39 – Boat charter services	July 17, 2018

All required affidavits have been filed in a timely manner. We do not know of any superior rights or infringing uses that could materially affect your use of the Marks in any state where your Business might be located.

Except as described with respect to the License Agreement, there are no agreements currently in effect which significantly limit our rights to use or license the use of any trademarks, service marks, trade names, logo-types, or other commercial symbols in. There is presently no effective determination of the USPTO, the US Trademark Trial and Appeal Board, the trademark administrator of any state, or any court, nor any pending infringement, opposition or cancellation proceeding or any pending material litigation involving our principal trademarks, service marks, trade names, logo-types, or other commercial symbols.

You must use the Marks as we require and may use only the Marks we designate in connection with the operation of your Business. You may not use the Marks in any advertising for the transfer, sale or other disposition of your Business or any interest in the franchise. You are not allowed to use a Mark as part of a corporate name or with modifying words, designs, or symbols. You may not use our Marks in the sale of an unauthorized product or service or in any manner we do not authorize in writing. You may not use any other mark, name, commercial symbol, or logotype in connection with the operation of your Business. You may not use the Marks as part of any username, screen name or profile in connection with any social networking sites or blogs, or as part of any domain name, homepage, electronic address, or otherwise in connection with a website.

You may not contest, directly or indirectly, CTL's, our or our affiliates' interests in or ownership of the Marks, trade secrets, methods and procedures that are a part of the Franchise System. You must not register, seek to register, or contest CTL's, our or our affiliates' sole right to register, use and license others to use the Marks, names, information, and symbols.

We are not required to indemnify you for any infringement claims arising from your use of the Marks. However, you must notify us immediately in writing of any apparent infringement of or challenge to your use of any Mark or claim by any person of any rights in any Mark or any similar trade name, trademark, or service mark of which you become aware. You may not communicate with any person other than us and our counsel regarding any infringement, challenge, or claim. We may take any and all actions we deem appropriate, and we have the right to exclusively control any litigation, USPTO proceeding or other administrative proceeding related to any Mark. You must execute all documents, render assistance, and do these things as we deem or our counsel deems advisable to protect and maintain our interests.

If it becomes advisable, in our opinion, at any time for us to require you to modify or discontinue use of any Mark, or to use one or more additional or substitute trademarks or service marks, you must comply, at your own cost, within a reasonable time after notice by us.

We may establish new Marks in the future, and you must use and display these marks under specifications and bear all costs associated with changes to the Marks or introduction of new Marks. You must follow our rules when you use these Marks.

ITEM 14
PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

We do not own any patents that are material to the franchise. We have not filed any patent applications that are material to the franchise. However, CTL owns the following patent (the "Patent"), which will be used in manufacturing the Vessel:

Patent No.	Issuance Date	Title	Patent Type	Duration of Patent
10589827	March 17, 2020	A Structure for Stabilizing a Barrel on a Pontoon Vessel	Utility	January 15, 2039

We or our affiliates claim copyright protection for the Manual and for any other written materials we develop to assist you in the development and operation of your Business.

There are no determinations of the U.S. Copyright Office (Library of Congress), the USPTO, or any court, nor are there any pending infringement, opposition or cancellation proceedings or material litigation, involving the Patent or the copyrighted materials which are relevant to their use by our franchisees. No agreements limit our right to use or license the use of the Patent or the copyrighted materials. We are not obligated to protect or defend the Patent and/or our copyrights, although we currently intend to do so. We do not know of any infringing uses of or superior rights to use the Patent. We do not know of any infringing uses of or superior rights in our copyrighted materials.

We and our affiliates possess and may continue to develop certain proprietary, confidential, and non-public information (the "Confidential Information") that you and your owners and personnel may from time to time have access to, be provided with, or otherwise be exposed to (some of which may constitute trade secrets under applicable law) that is used in the development, operation, and promotion of Cruisin' Tikis Vessels. Confidential Information includes know-how and certain other information regarding business development and operating processes and tools; training and operations materials and manuals, including, the Manual, and any passwords and other digital or other identification used to access these materials; the standards and other methods, formats, specifications, systems, procedures, techniques, sales and marketing techniques, knowledge, and experience used in developing, promoting and operating Cruisin' Tikis businesses and Vessels; market research, promotional, marketing and advertising programs for Cruisin' Tikis businesses and Vessels; knowledge of specifications for pricing and suppliers of Operating Assets and other products and supplies; any computer software or similar technology which is proprietary to us, our affiliates, or the System, including, digital passwords and identifications and any source code of, and data, reports, and other printed materials generated by, the software or similar technology; knowledge of the operating results and financial performance of Cruisin' Tikis businesses and Vessels; and customer lists, information, and data; and other information that is valuable and treated by us as Confidential Information. Confidential Information does not (i) include information, knowledge, or know-how which is

lawfully known to the public without violation of applicable law or an obligation to us or our affiliates, or (ii) personal information of your employees or other personnel.

If we require you to modify or discontinue use of any Confidential Information or any other material in which we claim copyright, you must promptly comply with our request at your own cost. You and your owners will not acquire any interest in the Confidential Information other than the right to use it in operating your Business. You must maintain the absolute confidentiality of the Confidential Information during and after the expiration or termination of the Franchise Agreement. You and your owners can divulge the Confidential Information only to individuals or entities specifically authorized by us in advance, or to your employees or contractors who must have access to it to operate your Business, however, these individuals or entities must be under a duty of confidentiality no less restrictive than your obligations to us under the Franchise Agreement. We may require you to have your employees and contractors execute individual undertakings and will have the right to regulate the form of and be a party to or third-party beneficiary under any of these agreements. Neither you nor your owners are permitted to make unauthorized copies, record, or otherwise reproduce the materials or information or make them available to any unauthorized person.

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

You must supervise the management and operation of your Business and continuously exert best efforts to promote and enhance your Business. If you are a legal entity, you must designate, subject to our approval, one of your owners, who is a natural person, to devote a reasonable amount of time to the operation and supervision of your Business and have the authority to deal with us on your behalf in respect of all matters whatsoever which may arise in respect of the Franchise Agreement (your "Managing Owner"). Additionally, each of your owners must sign a guaranty of the franchise entity's obligations under the Franchise Agreement (the form is attached as an exhibit to the Franchise Agreement). Each person signing a guaranty assumes and agrees to discharge all of your obligations under the Franchise Agreement. Your spouse, and if you are not an individual, the spouses of each of your owners, must consent in writing to your execution of the guaranty and must acknowledge that the marital assets are at risk. Each person signing the guaranty agrees to be bound by the provisions of the agreement applicable to this person.

If you (or your Managing Owner) are not supervising your Business on a full-time basis, you must appoint a full-time manager to supervise the management and day-to-day operations of your Business. We may require your manager to personally undertake the same obligations with respect to confidentiality and non-competition that you are subject to under the Franchise Agreement. Your manager is not required to have an ownership interest in you. Your Business must always be under the supervision of one or more persons who has sufficient prior boating experience to meet our requirements.

In certain circumstances (such as if you abandon your Business, fail to comply with your Franchise Agreement, or your Franchise Agreement expires) we have the right to appoint a manager to manage the operation of your Business on your behalf, for any period of time we deem appropriate. Our appointment of a manager of your Business will not relieve you of your

obligations under the Franchise Agreement or constitute a waiver of our right to terminate the franchise. We are not liable for any debts, losses, costs, or expenses you incur in the operation of your Business while it is managed by our appointed manager. If we appoint a manager for your Business, you must pay us (in addition to other amounts due under your Franchise Agreement) an amount equal to 10% of Gross Sales, plus costs and expenses, for any period we deem appropriate. We may cease to provide these management services at any time.

ITEM 16
RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You must sell or offer for sale all of the products and services we require in the manner and style we require. You may offer and sell only those products and services that we approve and expressly authorize in the Manual or otherwise in writing or that we have not disapproved, in writing. You must not deviate from the mandatory System Standards without first obtaining our written consent. You must discontinue selling and offering for sale any disapproved products or services. We have the right to change the authorized products and services and their respective standards, specifications, and requirements at any time. There is no limit on our right to make these changes. If you want to seek our approval of your offer or use of any services, products, materials, forms, items, or supplies in connection with or for sale through your Business that are not approved by us, you must submit your request in writing, and we may charge a fee if we are required to review any products, services, or suppliers (see Item 8). We will advise you within a reasonable time (usually within fourteen (14) days following your written request) whether we approve your request. Despite our initial approval, we may revoke our approval at any time, and in that case, you must stop using or selling the particular products or services.

We may periodically set the maximum and minimum price that you may charge for services and products offered by your Business. If we impose a maximum or minimum price for any product or service, you may charge any price for the product or service up to and including our designated maximum price or down to and including our designated minimum price. The designated maximum and minimum prices for the same product or service may, at our option, be the same. For any product or service for which we do not impose a maximum or minimum price, we may require you to comply with an advertising policy adopted by us which will prohibit you from advertising any price for a product or service that is different than our suggested retail price. Although you must comply with any advertising policy we adopt, you will not be prohibited from selling any product or service at a price above or below the suggested retail price unless we impose a maximum price or minimum price for such product or service.

ITEM 17
RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

THE FRANCHISE RELATIONSHIP

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

PROVISION	SECTION IN AGREEMENT	SUMMARY
a. Length of the franchise term	Section 2.A	5 years
b. Renewal or extension of the term	Section 13	5 years
c. Requirements for franchisee to renew or extend	Section 13	Subject to applicable laws, we impose the following conditions: notice of your election must be given not less than 90 days and not greater than 180 days before the term of the Franchise Agreement expires; no violation of the Franchise Agreement during its expiring term; you must be in full compliance with the Franchise Agreement and all mandatory System Standards at time of election and renewal; we must then be granting franchises for Cruisin' Tikis Vessels; your payment of renewal fee in an amount equal to 50% of our then-current initial franchise fee for new Cruisin' Tikis franchises; you must sign our then-current Franchise Agreement which may contain terms and conditions materially different from those in your previous Franchise Agreement (including, for example, different fees and different description of designated territories); and you and your owners sign a general release, in a form approved by us, releasing all claims against us and our affiliates.
d. Termination by franchisee	Section 14.A	Only if we materially breach the agreement and fail to (i) remedy or to make substantial progress toward curing the violation within 60 days after receiving written notice from you detailing our alleged violation, or (ii) give you reasonable evidence of our effort to cure such failure within a reasonable time (if we cannot correct the failure within such 60 days) within 60 days after receiving written notice from you detailing our alleged violation. You may also terminate the franchise agreement under any ground permitted under the applicable laws.
e. Termination by franchisor without cause	Not applicable	Not applicable.
f. Termination by franchisor with cause	Section 14.B	Only if you or your owners commit one of several violations described in rows (g) and (h) below and subject to applicable state law.

PROVISION	SECTION IN AGREEMENT	SUMMARY
g. "Cause" defined – curable defaults	Section 14.B	Subject to applicable state law: Violations of law (72 hours to cure only if no health or safety risks); failure to pay amounts owed to us or our affiliates (10 days to cure); failure to pay amounts owed to third parties or to cure defaults under other agreements with us or our affiliates, in either case, within applicable cure periods under those agreements; assignment for the benefit of creditors or appointment of a trustee or receiver (30 days to cure); failed quality assurance audits (15 days to cure); and operational defaults and other defaults not listed in (h) below (30 days to cure).
h. "Cause" defined – non-curable defaults	Section 14.B	Subject to applicable state law: Material misrepresentations or omissions; failure to operate your Vessels in satisfaction of the Activation Schedule; failure of required persons to complete training we may require in certain circumstances; abandonment; conviction of a felony or engaging in any conduct adversely affecting the goodwill of the Marks, the reputation of your Business, or your ability to operate your Business in accordance with the Franchise Agreement; violation of transfer, non-competition, non-solicitation or confidentiality restrictions; loss of ownership or possession of the Vessel (except in the case of a de-commission and removal from service of particular Vessels); failure to pay taxes; repeated defaults (even if cured); and failure to cure defaults within the cure period (if any) granted under any other agreement (including other Franchise Agreements or the Vessel Purchase Agreement) between you (or your affiliate) and us (our affiliate).
i. Franchisee's obligations on termination/non-renewal	Sections 15.A and 15.D	Subject to applicable state law: Pay all amounts due immediately (including liquidated damages, if applicable); cease using the Marks and Franchise System and cease identifying yourself as a Cruisin' Tikis business; cancel all fictitious or assumed name registrations related to the Marks; return all signs and materials containing the Marks and/or allow us to remove these items from your Business; cease using any Confidential Information and return the Manual and all other written Confidential Information; make the alterations we specify to distinguish your Business from a Cruisin' Tikis business; transfer title of your Vessel(s) to us, free and clear of all liens for a total compensation of $1.00 to you; notify telephone company of termination of rights to use telephone number and transfer number to our designee; comply with post-term non-compete and non-solicitation obligations; comply with all other obligations in the Franchise Agreement that survive termination or expiration; and give us evidence within 30 days of compliance.
j. Assignment of contract by franchisor	Section 12.A	No restriction on our right to assign.
k. "Transfer" by franchisee – definition	Section 12.B	Includes a voluntary, involuntary, direct, or indirect assignment, sale, gift, or other disposition of any interest in you, your Business, the Vessels, any other Operating Assets, and the Franchise Agreement.
l. Franchisor's approval of transfer by franchisee	Sections 12.B and 12.C	All transfers require our prior written approval.

PROVISION	SECTION IN AGREEMENT	SUMMARY
m. Conditions for franchisor approval of transfer	Section 12.B	Subject to applicable state law: you and the proposed transferee provide us all information or documents we requested about the proposed transfer, the transferee, and its owners; you have satisfied all of your obligations under the Franchise Agreement and to third parties with whom you have conducted any aspect of your Business; the terms of the transfer and the transferee are satisfactory to us; you pay us a transfer fee of $1,000 if the transferee is your then-existing Owners who we have previously approved and 50% of our then-current initial fee for any other transferee; all approvals required for the transfer have been obtained or waived by the person whose consent is required; you (and your owners) and transferee (and its owners) sign general releases of all claims (unless prohibited by law); you (prior to the transfer) or the transferee (after the transfer) make any repairs, replacements, or upgrades to the Vessel(s) as necessary to make them compliant with our then-current System Standards; and transferee signs our then-current form of Franchise Agreement.
n. Franchisor's right of first refusal to acquire franchisee's Franchised Business	Section 12.D	In connection with any proposed transfer (except to a wholly-owned entity). We must match the price and terms contained in the proposed transferee's written offer you intend to accept. We must notify you of the exercise our right within 30 days of our receipt of notice of your intention to transfer and all other information we request.
o. Franchisor's option to purchase franchisee's business	Section 15.B	Subject to applicable state law, you must transfer title to your Vessel(s) to us immediately after the expiration or termination of the Franchise Agreement for total consideration of $1.00 per Vessel, and we may also, at our option, purchase all remaining assets comprising your Business. We must notify you of our election to purchase your operating assets within 30 days after the termination or expiration. Price is the net realizable value in accordance with the liquidation basis of accounting (not the value of your Business as a going concern).
p. Death or disability	N/A	Subject to applicable state law, if any.
q. Non-competition covenants during the term of the franchise	Section 10	Subject to applicable state law, franchisee, its owners, and their spouses may not: (a) have any involvement, directly or indirectly, in a "Competitive Business;" (b) divert or attempt to divert any actual or potential business or customer to a Competitive Business; or (c) directly or indirectly, appropriate, use or duplicate the Franchise System or System Standards for use in any other business. Subject to applicable state law, "Competitive Business" means any business (other than a Cruisin' Tikis Vessel) that (i) operates, grants franchises or licenses for the operation of, or otherwise assists the operation or charter of themed commercial water vessels; (ii) sells or manufactures themed commercial water vessels; or (iii) sells or services any other product or service that is substantially the same as or similar to any product or service that accounts for more than 5% of the aggregate sales and service revenue of Cruisin' Tikis Vessels (based on the average of all Cruisin' Tikis Vessels).

PROVISION	SECTION IN AGREEMENT	SUMMARY
r. Non-competition covenants after the franchise is terminated or expires	Section 15.A	For 2 years following termination or expiration of the Franchise Agreement, neither you nor any of your owners, your or your owners' Affiliates, or the officers, directors, managers or immediate family members of any of the above may have any involvement, directly or indirectly, in a Competitive Business within the Designated Territory, within a 30-mile radius from the boundaries of the Designated Territory, or within a 30-mile radius of any other Cruisin' Tikis Vessel's designated territory then open and operating or under construction on the later of the effective date of the termination or expiration of the Franchise Agreement or the date on which all restricted persons begin to comply with the non-compete covenant (subject to applicable state law)
s. Modification of the agreement	Section 19.A	No modifications except in writing and signed by both you and us.
t. Integration / merger clause	Section 19.C	Only the terms of the Franchise Agreement are binding (subject to applicable state law).
u. Dispute resolution by arbitration	Sections 18.F and 18.I	Subject to applicable laws, we and you must arbitrate all disputes at a location within 50 miles of our then-current principal place of business (currently, Broward County, Florida) and you waive your right to a trial by jury.
v. Choice of forum	Section 18.H	Subject to applicable laws, you must sue us in a court in or nearest to Broward County, Florida.
w. Choice of law	Section 18.G	Florida (subject to applicable state law).

Applicable state law might require additional disclosures related to the information contained in this Item 17. These additional disclosures, if any, appear in Exhibit I.

ITEM 18
PUBLIC FIGURES

We do not use any public figure to promote the Franchise System.

ITEM 19
FINANCIAL PERFORMANCE REPRESENTATIONS

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

We do not make any representations about a franchisee's future financial performance or the past financial performance of company-owned or franchised outlets. We also do not authorize our employees or representatives to make any such representations either orally or in

writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections on your future income, you should report it to the franchisor's management by contacting Janie Armstrong, Cruisin' Tikis International, Inc., 635 NW 4th Avenue, Fort Lauderdale, Florida 33311, (877) 554-5200, the Federal Trade Commission, and the appropriate state regulatory agencies.

ITEM 20
OUTLETS AND FRANCHISEE INFORMATION

TABLE NO. 1[1]
SYSTEMWIDE OUTLET SUMMARY FOR YEARS 2021 to 2023

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2021	40	69	+29
	2022	69	94	+25
	2023	94	106	+12
Company-Owned[2]	2021	0	0	0
	2022	0	0	0
	2023	0	0	0
Total Businesses	**2021**	**40**	**69**	**+29**
	2022	**69**	**94**	**+25**
	2023	**94**	**106**	**+12**

1. The numbers in this table and in all other tables in this Item 20 are for the 12-month periods each ended December 31.

2. We have never owned or operated a Cruisin' Tikis outlet. One of our affiliates owns and operates Vessels pursuant to a Franchise Agreement with us.

TABLE NO. 2
TRANSFERS OF OUTLETS FROM FRANCHISEES TO NEW OWNERS (OTHER THAN FRANCHISOR OR AN AFFILIATE) FOR YEARS 2021 to 2023

State	Year	Number of Transfers
Florida	2021	0
	2022	1
	2023	2

State	Year	Number of Transfers
Texas	2021	0
	2022	1
	2023	0
Totals	**2021**	**0**
	2022	**2**
	2023	**2**

TABLE NO. 3
STATUS OF FRANCHISED OUTLETS
FOR YEARS 2021 to 2023

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations-Other Reasons	Outlets at End of Year
Alabama	2021	1	2	0	0	0	0	3
	2022	3	0	0	0	0	0	3
	2023	3	0	0	0	0	0	3
Arizona	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
Delaware	2021	1	0	0	0	0	0	1
	2022	1	1	0	0	0	0	2
	2023	2	0	0	0	0	0	2
Florida	2021	28	13	0	0	0	0	41
	2022	41	16	0	0	0	1	56
	2023	56	12	0	0	0	0	64
Maryland	2021	0	5[1]	0	0	0	0	5
	2022	5	0	0	0	0	0	5
	2023	5	1	0	0	0	0	6
Mississippi	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
	2023	0	1	0	0	0	0	1

[1] In 2021, we signed 2 franchise agreements under which the franchisees will operate a total of five Vessels.

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations-Other Reasons	Outlets at End of Year
New Jersey	2021	3	5	0	0	0	0	8
	2022	8	2	0	0	0	0	10
	2023	10	0	0	0	0	0	10
North Carolina	2021	2	1	0	0	0	0	3
	2022	3	1	0	0	0	0	4
	2023	4	0	0	0	0	0	4
Pennsylvania	2021	2	0	0	0	0	0	2
	2022	2	1	0	0	0	0	3
	2023	3	0	0	0	0	0	3
South Carolina	2021	2	2	0	0	0	0	4
	2022	4	2	0	0	0	0	6
	2023	6	0	0	0	0	0	6
Tennessee	2021	0	1	0	0	0	0	1
	2022	1	1	0	0	0	0	2
	2023	2	1	0	0	0	0	3
Texas	2021	1	0	0	0	0	0	1
	2022	1	1	0	0	0	0	2
	2023	2	0	0	0	0	0	2
Wisconsin	2021	0	0	0	0	0	0	0
	2022	0	1	0	0	0	0	1
	2023	1	0	0	0	0	0	1
Totals	**2021**	**41**	**29**	**0**	**0**	**0**	**0**	**70**
	2022	**70**	**26**	**0**	**0**	**0**	**1**	**96**
	2023	**96**	**15**	**0**	**0**	**0**	**0**	**106**

TABLE NO. 4
STATUS OF COMPANY-OWNED OUTLETS
FOR YEARS 2021 to 2023

State	Year	Company-Owned Outlets at Start of Year	Company-Owned Outlets Opened	Company-Owned Outlets Reacquired from Franchisee	Company-Owned Outlets Closed	Company-Owned Outlets Sold to Franchisee	Company-Owned Outlets at End of Year
All States	2021	0	0	0	0	0	0
	2022	0	0	0	0	0	0
	2023	0	0	0	0	0	0
Totals	**2021**	**0**	**0**	**0**	**0**	**0**	**0**
	2022	**0**	**0**	**0**	**0**	**0**	**0**
	2023	**0**	**0**	**0**	**0**	**0**	**0**

TABLE NO. 5
PROJECTED OPENINGS
AS OF DECEMBER 31, 2023

State	Franchise Agreements Signed But Franchised Business Not Opened	Projected New Franchised Businesses in the Next Fiscal Year	Projected New Affiliate-Owned Franchised Businesses in the Next Fiscal Year
Virginia	1	1	0
Massachusetts	0	1	0
Arkansas	0	1	0
Texas	0	1	0
Wisconsin	0	1	0
Totals	**1**	**5**	**0**

A list of the names of all current franchisees, including franchisees who had signed the Franchise Agreement but not opened their Business as of December 31, 2023, and the addresses and telephone numbers of their respective Business is attached as Exhibit G to this disclosure document.

Exhibit H lists our franchisees who had a Franchise Agreement terminated, cancelled, not renewed or who otherwise voluntarily or involuntarily ceased to do business under a Franchise Agreement during the most recently completed fiscal year, or who had not communicated with us within 10 weeks of the issuance date of this Disclosure Document. If you buy this franchise, your contact information may be disclosed to buyers when you leave the franchise system.

During the last 3 fiscal years, franchisees have signed confidentiality clauses. In some instances, current and former franchisees sign provisions restricting their ability to speak openly about their experience with the Cruisin' Tikis franchise system. You may wish to speak with current or former franchisees but be aware that not all current or former franchisees will be able to communicate with you. We are not aware of any trademark-specific franchisee organizations associated with our franchise system.

As of the issuance date of this Disclosure Document, there are no trademark specific franchisee organizations representing our franchisees, and no such trademark specific franchisee organization has asked us to be included in this Disclosure Document.

ITEM 21
FINANCIAL STATEMENTS

Exhibit D contains our (a) unaudited, internally prepared balance sheet, profit and loss statement, and statement of cash flows as of March 31, 2024, and (b) audit reports, which comprise of audited balance sheets as of December 31, 2023, December 31, 2022, and December 31, 2021 and the related Statement of Operations, Statement of Changes in Stockholders' Equity, and Cash Flow Statement. Our fiscal year ends on December 31 each year.

ITEM 22
CONTRACTS

The following contracts are attached as exhibits to this Disclosure Document:

Exhibit B – Franchise Agreement

Exhibit C – Vessel Purchase Agreement

Exhibit F – Sample General Release

Exhibit I – State Addenda and Agreement Riders

ITEM 23
RECEIPTS

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

EXHIBIT A

STATE AGENCIES/AGENTS FOR SERVICE OF PROCESS

STATE AGENCIES/AGENTS FOR SERVICE OF PROCESS

Listed here are the names, addresses and telephone numbers of the state agencies having responsibility for the franchising disclosure/registration laws. We may not yet be registered to sell franchises in any or all of these states.

CALIFORNIA

Department of Financial Protection & Innovation:
Ask.DFPI@dfpi.ca.gov
www.dfpi.ca.gov
1 (866) 275-2677

Los Angeles

320 West 4th Street
Suite 750
Los Angeles, California 90013
(213) 576-7500

Sacramento

2101 Arena Boulevard
Sacramento, California 95834
(916) 445-7205

San Francisco

One Sansome Street, Ste. 600
San Francisco, California 94104-4428
(415) 972-8559

HAWAII

(state administrator)

Business Registration Division
Securities Compliance Branch
Department of Commerce and Consumer Affairs
P.O. Box 40
Honolulu, Hawaii 96810
(808) 586-2727

ILLINOIS

Franchise Bureau
Office of the Attorney General
500 South Second Street
Springfield, Illinois 62701
(217) 782-4465

INDIANA

(state administrator)

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

(agent for service of process)

Indiana Secretary of State
200 West Washington Street, Room 201
Indianapolis, Indiana 46204
(317) 232-6531

MARYLAND

(state administrator)

Office of the Attorney General
Securities Division
200 St. Paul Place
Baltimore, Maryland 21202-2021
(410) 576-6300

(agent for service of process)

Maryland Securities Commissioner
at the Office of the Attorney General
Securities Division
200 St. Paul Place
Baltimore, Maryland 21202-2021
(410) 576-6360

MICHIGAN

(state administrator)

Michigan Attorney General's Office
Consumer Protection Division
Attn: Franchise Section
G. Mennen Williams Building
525 West Ottawa Street
Lansing, Michigan 48909
(517) 373-7622

(agent for service of process)

Michigan Department of Commerce,
Corporations, Securities, & Commercial
Licensing Bureau
P.O. Box 30018
Lansing, Michigan 48909

MINNESOTA

(state administrator)

Minnesota Department of Commerce
85 7th Place East, Suite 280
St. Paul, Minnesota 55101
(651) 539-1600

(agent for service of process)

Commissioner of Commerce
Minnesota Department of Commerce
85 7th Place East, Suite 280
St. Paul, Minnesota 55101
(651) 539-1600

NEW YORK

(state administrator)

Office of the New York State Attorney General
Investor Protection Bureau
Franchise Section
28 Liberty Street, 21st Floor
New York, NY 10005
(212) 416-8236 Phone
(212) 416-6042 Fax

(agent for service of process)

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

NORTH DAKOTA

(state administrator)

North Dakota Securities Department
600 East Boulevard Avenue
State Capitol – 14th Floor
Bismarck, North Dakota 58505
(701) 328-4712

(agent for service of process)

Securities Commissioner
600 East Boulevard Avenue
State Capitol – 14th Floor
Bismarck, North Dakota 58505
(701) 328-4712

OREGON

Department of Business Services
Division of Financial Regulation
350 Winter Street, NE, Room 410
Salem, Oregon 97310-3881
(503) 378-4387

RHODE ISLAND

Department of Business Regulation
Division of Securities
John O. Pastore Complex Building 69-2
1511 Pontiac Avenue
Cranston, Rhode Island 02920
(401) 462-9645

SOUTH DAKOTA

Division of Insurance
Securities Regulation
124 S. Euclid, Second Floor
Pierre, South Dakota 57501
(605) 773-3563

VIRGINIA

(state administrator)

State Corporation Commission
Division of Securities and Retail Franchising
1300 East Main Street, 9th Floor
Richmond, Virginia 23219
(804) 371-9051

WISCONSIN

(state administrator)

Securities and Franchise Registration
Wisconsin Department of Financial Institutions
4822 Madison Yards Way, North Tower
Madison, Wisconsin 53705
(608) 266-0448

(agent for service of process)

Office of the Secretary
Wisconsin Department of Financial Institutions
P.O. Box 8861
Madison, Wisconsin 53708-8861
(608) 261-9555

(agent for service of process)

Clerk of the State Corporation Commission
1300 East Main Street, 1st Floor
Richmond, Virginia 23219
(804) 371-9733

WASHINGTON

(state administrator)

Washington Department of Financial Institutions
Securities Division
P.O. Box 41200
Olympia, Washington 98504-1200
(360) 902-8760

EXHIBIT B

FRANCHISE AGREEMENT

CRUISIN' TIKIS INTERNATIONAL, INC.

FRANCHISE AGREEMENT

Franchisee: _____

Franchise Number: _____

Franchise Address: _____

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EXHIBITS

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EXHIBIT B Guaranty and Assumption of Obligations
EXHIBIT C Representations and Acknowledgement Statement

FRANCHISE AGREEMENT

CRUISIN' TIKIS INTERNATIONAL, INC., a Florida corporation whose address is 635 NW 4th Avenue, Ft. Lauderdale, Florida 33311 ("**we**"), and _____, a(n) _____ whose address is _____ ("**you**") enter into this Franchise Agreement (the "**Agreement**") as of the Effective Date. The Effective Date is the date we sign this Agreement.

1. PREAMBLES

We grant franchises to own and operate a business (each, a "**Cruisin' Tikis Business**") that operates according to our System (defined below) and uses specially designed vessels (each, a "**Cruisin' Tikis Vessel**" or the "**Vessel**") to conduct commercial pleasure charters on designated waterways. Vessels used by our franchisees are designed to appear as floating tiki huts and are identified by the Cruisin' Tikis® mark along with other trademarks, service marks, names, commercial symbols, and the trade dress (collectively, the "**Marks**"), which we may modify from time to time. You have applied for a franchise and have provided us with certain information in support of your application. In reliance on that information, we have agreed to grant you the franchise on the terms and conditions contained in this Agreement.

2. GRANT OF FRANCHISE

A. GRANT AND TERM OF FRANCHISE. We grant you the right and license (the "**Franchise**"), during the Term, to own and operate a Cruisin' Tikis Business solely in the geographic area identified on Exhibit A (the "**Designated Territory**"), and to use the Marks and System in connection with the promotion and operation of your Cruisin' Tikis Business ("**your Business**"). The "**Term**" begins on the Effective Date and expires on the 5th anniversary of that date. You agree to, at all times, faithfully, honestly, and diligently perform your obligations under this Agreement and to use your best efforts to promote patronage of your Business, Vessels and the Cruisin' Tikis brand in the Designated Territory.

B. LIMITED EXCLUSIVITY, RESERVATION OF RIGHTS. The Franchise is limited to the Designated Territory. You may not provide services to a customer or at a special event outside the Designated Territory without first obtaining our written approval. Except as otherwise provided in Section 2.C, for so long as you are in full compliance with this Agreement and all other agreements with us and our affiliates, we will not, and will not authorize any other person to, operate a Cruisin' Tikis Vessel within the Designated Territory; however, we may allow other franchisees to solicit customers in your Designated Territory.

Your rights are limited to those expressly granted in this Agreement, and you derive no rights by implication, inference or innuendo. We (and our affiliates) retain the right at all times during and after the Term, without any compensation to you, to engage in any and all activities that we (and they) deem appropriate and that are not expressly prohibited under this Agreement, wherever and whenever we (and they) desire, and whether or not such activities compete with your Business, subject only to your rights under this Section within your Designated Territory.

The Franchise does not include, and we and our affiliates reserve, the right to: (1) sell Cruisin' Tikis-branded products and all other products and services through any alternate distribution channels (including, for example, via the internet, mail order, brick and mortar retail shops, and wholesale chains) other than through Cruisin' Tikis Vessels operating within your Designated Territory, even if the products or services sold are identical or similar to, competitive with, or different from those that you are authorized to sell; (2) manufacture and/or sell Cruisin' Tikis Vessels for use outside of your Designated Territory; (3) operate or grant any third party the right to operate any Cruisin' Tikis Vessel that we or our designee acquires as a result of the exercise of a right of first refusal or purchase right that we have under this Agreement or any other agreement; and (4) acquire, be acquired by, merge or affiliate with, or engage in any transaction with other businesses (whether or not competitive) located anywhere and (i) convert the other businesses to Cruisin Tiki franchises and to allow them to operate as part of the Cruisin' Tikis franchise system, and/or (ii) permit the other businesses to continue to operate under another name.

C. ACTIVATION SCHEDULE. You agree to purchase and place into service the number of Vessels within the Designated Territory as necessary to satisfy the minimum requirements reflected on Exhibit A (the "**Activation Schedule**") and, once activated, to continue to operate each Vessel unless we provide our prior written consent for its de-activation.

If, during the Term, we determine, based on independent data, that the Designated Territory can support more than the number of Vessels reflected within the Activation Schedule, you will have a right of first refusal to acquire and operate the additional Vessel(s) for activation in your Designated Territory; provided, that (1) this Agreement is then in effect, and you are in full compliance with its terms; (2) you meet all of our then-current criteria for new franchisees; and (3) we have determined that the cost of purchasing and activating the proposed Vessel(s) will not adversely affect the operation of your existing Vessel(s). If we send you a notice of the need to activate additional Vessels, and you do not acquire and deploy the additional Vessels within the deadlines established in our notice, we may, at our option, deploy or authorize others to operate such Vessels in your Designated Territory.

You are entering into this Agreement based entirely on your own due diligence and determination. We have determined the boundaries of the Designated Territory and the number of Vessels in the Activation Schedule solely for our own purposes. You may not rely on them as an indicator of achievability, success or for any other purpose. Demographic or other factors beyond our control could change, even after our designation of your Designated Territory or during the operation of your business, and those changes could alter the potential of the business you operate under this Agreement. We are not responsible if the Designated Territory or Activation Schedule fails to meet your expectations or is unachievable.

If our authorized supplier of Vessels in your Designated Territory fails to deliver any Vessel to you at least 30 days prior to the date by which the Vessel is required to be placed into service to satisfy your Activation Schedule (other than delays you cause, including your non-payment or failure to secure a Dock, as defined in Section 5.B), the Activation Date for that Vessel will automatically be extended to the 30th day following delivery of that Vessel.

D. IF YOU ARE A LEGAL ENTITY. If you sign this Agreement other than as an individual, you represent that Exhibit A to this Agreement describes all of your owners and their

interests in you as of the Effective Date. You acknowledge and agree that we may require that each of your owners and, if applicable, their spouses, execute a guaranty in the form attached as Exhibit B (the "**Guaranty**"). You must designate, subject to our approval, one of your owners, who is a natural person to be your "**Managing Owner**." Your Managing Owner must devote a reasonable amount of time to the operation and supervision of your Business. You agree that your Managing Owner is authorized to deal with us on your behalf for all matters whatsoever that may arise with respect to this Agreement and any decision made by him or her will be final and binding on you, and we will be entitled to rely solely on that decision without discussing the matter with any other party. If the person you designate as your Managing Owner ceases, for whatever reason, to act as such, or is subsequently disapproved by us, you must obtain our approval of a new Managing Owner within 30 days.

3. PAYMENT OF FEES

A. CERTAIN FEES. In addition to other amounts described elsewhere in this Agreement, you agree to pay us the following:

(1) on execution of this Agreement, you must pay us a fully earned, non-refundable initial franchise fee of $20,000 (the "**Initial Fee**");

(2) you must pay us a continuing fee (the "**Royalty**") equal to **six percent (6%)** of your Gross Sales (defined below). We will determine the period that will be used to calculate your Royalty (i.e. monthly or weekly) and the date to make such payments as specified in the Manual (defined below) or as conveyed to you in writing from time to time. Each Royalty payment will be based on the Gross Sales during the preceding period;

(3) such amount to the Brand Promotion Fund that we designate from time to time, subject to the Required Marketing Cap (as defined in Section 6.B.); and

(4) if we elect to provide or designate technology-related services to Cruisin' Tikis franchise owners (including for example, website or email development or hosting, booking services, customer support, help desk support, software, enterprise solutions and other services associated with your Computer System and/or any System Website, as defined below), you may be required to pay us and/or the service provider a fee, ("**Technology Fee**"). We may adjust the Technology Fee periodically, in our sole discretion, based on increases in the costs we or the designated provider incur in providing or making the services available to you. The Technology Fee is payable at the times and in the manner we direct.

B. DEFINITION OF "GROSS SALES". "**Gross Sales**" means all revenue or consideration derived from or attributed to, directly or indirectly, from operating your Business (whether or not in compliance with this Agreement and including alcohol sales should you, in your discretion, make such sales), whether from cash, check, credit or debit card, barter exchange, trade credit, or forms of consideration, less any federal, state, or municipal sales, use or service taxes collected from customers and paid to the appropriate taxing authority. The proceeds of any business interruption insurance or similar insurance payments you receive to replace revenue that you lose from the interruption of your Business due to a casualty or other similar event will be

considered Gross Sales. If we authorize or require participation in online group-bought deals (e.g. Groupon or Living Social), gift certificate and/or gift card programs, the payments you receive for those online group-bought deals, gift certificates or gift cards shall be included in Gross Sales in accordance with our then current guidelines for calculating Gross Sales as described in the Manual. If you discount the price of any product or service you sell through your Business more than the discount consented to and approved by us in the operations manual from time to time, your revenue from the transactions will be deemed to be the undiscounted price regularly charged for that product or service, less the amount of approved discount.

C. INFORMATION REGARDING PAYMENTS. All fees are fully earned by us on their due date and are not refundable under any circumstances. We will designate from time to time the manner in which payments are to be made to us, which may include electronic funds transfers from your designated bank account. You agree to take all action necessary for us to process your payments in the designated manner. You must ensure that funds are available in your designated account to cover all required payments when they are due.

We may provide credit card processing for franchise owners. If we do so, we will, on a periodic basis, remit an electronic payment to your designated bank account equal to the credit card charges processed on your behalf, less any fees imposed by the credit card processor on your transactions, and any amounts due to us under this Agreement.

If you fail to report the Gross Sales, we may debit your account for 110% of the average of the last three (3) Royalty and Brand Promotion Fund contributions that we debited. If we debit less than what you actually owe, we will debit your account for the balance on the day we specify. If we debited more than you owe, we will credit the excess against the amounts we otherwise would debit from your account during the following period.

All amounts that are past due will accrue interest beginning on the day following their due date at 18% per annum or the highest commercial contract interest rate the law allows, whichever is less. We will charge a service fee for checks returned to us due to insufficient funds or if there are insufficient funds in the business account you designate to cover our withdrawals. We may debit your bank account automatically for the service charge and interest.

Despite any designation you make, we may apply any of your payments to any amounts you owe us. We and our affiliates may set off any amounts you or your owners owe us or our affiliates against any amounts we or our affiliates owe you or your owners.

D. ALCOHOLIC BEVERAGES. If you sell or derive revenue from alcoholic beverages in the operation of your Business, and a law is enacted during the Term that prohibits or restricts in any way your ability to pay and our ability to collect Royalty or other amounts based on Gross Sales derived from the sale of alcoholic products, then we reserve the right to modify your payment obligations to us under this Agreement and revise the applicable provisions hereunder in order to provide the same basic economic effect to both us and you as currently provided in this Agreement. In such event, you agree to execute the appropriate document(s) in the form we prescribe to give effect to or take account of such revisions.

E. NON-COMPLIANCE CHARGE. If you or your Affiliates are not in compliance with this Agreement or any other franchise agreements with us or any of our affiliates, we may increase your Royalty rate by one (1) percentage point until we determine, in our sole discretion, that all such deficiencies have been cured. Nothing in this Section 3.E limits any of our other rights and remedies available under the applicable agreement for such deficiencies. Payments under this Section are intended to compensate us for certain expenses or losses we will incur as a result of the non-compliance and are not considered a penalty or an expression of the total amount of such damages, nor will payment of these amounts constitute a cure of the non-compliance.

4. OUR OBLIGATIONS TO YOU

A. TRAINING AND GUIDANCE. We do not conduct an initial training program; however, we may, conduct annual meetings of Cruisin' Tikis franchise owners at such locations that we determine and/or provide training to you and your owners from time to time. If we do so, we may require you, your owners, and certain of your personnel to attend such annual meetings, pay us a reasonable training fee, and satisfactorily complete such trainings. We may at any time replace any in-person annual meeting or trainings or part there with virtual meetings or trainings either via live or prerecorded modules. We may periodically provide advice and general guidance regarding various aspects of the operation of your Business. We will choose the content and manner of delivering such advice and guidance. Any ongoing training or advice we provide does not create an obligation (whether by course of dealing or otherwise) to continue to provide such training or advice, and we may discontinue and modify them from time to time.

B. MANUAL. We will give you access to you our manual for the operation of a Cruisin' Tikis business (the "**Manual**"). The Manual contains mandatory specifications, standards, operating procedures and rules that we periodically prescribe for operating Cruisin' Tikis Vessels ("**System Standards**"), other specifications, standards and policies we may suggest from time to time, and information on your other obligations under this Agreement. We may modify the Manual, including by memoranda and newsletters. If the Manual is maintained electronically, you are responsible for accessing it to review any changes. If it is provided in hard copy, you must update your copy as changes are communicated to you. If there is a discrepancy between the copy of the Manual we lend to you and our master copy of the Manual, our master copy of the Manual controls. The Manual's contents are part of our Confidential Information (as defined in Section 9), so you must keep them in a secure location which will not be accessible to persons who are not authorized to review them, and you will not disclose the Manual to any person other than your employees who need to know their contents. You may not at any time copy, duplicate, record, or otherwise reproduce any part of the Manual.

5. YOUR OBLIGATIONS

In connection with the development and operation of your Business, you must, at your expense, do the following:

A. OPERATING ASSETS. You must do everything necessary to comply with our System Standards, including acquiring each Vessel and other required equipment, parts, sale products, inventory, marketing materials, supplies, signs, emblems, lettering, logos, and display materials (together with the Vessel, the "**Operating Assets**"). You may use only those Operating

Assets that we approve from time to time, and you may purchase or lease approved brands, types, or models of Operating Assets only from suppliers we designate or approve (which may include or be limited to us or our affiliates). You must at all times maintain the condition and appearance of your Vessel(s) and the other Operating Assets in accordance with the mandatory System Standards and consistent with the Cruisin' Tikis® brand image. You will make no alterations, additions or improvements in or to the Vessel without our prior written consent. You agree the design, engineering and construction of the Vessel is our exclusive property, and you will not duplicate, reverse engineer or otherwise replicate the Vessel without our prior written consent.

B. DOCKING. You must secure and throughout the Term maintain a dock for each of your Cruisin' Tikis Vessel(s) at a location we approve and that meets our System Standards within the Designated Territory (your "**Dock**"). You may not, without our prior written approval, relocate your Dock or store any Operating Assets at any location other than your Dock or a location we approve. Additionally, you may not sign any lease, sublease, or other document for securing possession of such premises (a "**Possession Agreement**") prior to our approval of the terms of any such Possession Agreement.

Each such Possession Agreement must contain certain provisions we require, including collateral assignment if the Possession Agreement includes encumbrance of the Vessel, access to property, and rights to cure outstanding defaults at your expense. Our approval of your Dock or Possession Agreement, and any assistance we provide with respect to any of those things, indicate only that we believe that the Dock or Possession Agreement meet our then-acceptable criteria (which are developed for our own benefit). You must make your own determination whether they are acceptable for your purposes. You must deliver a signed copy of any Possession Agreement to us within 10 days after its execution.

If your approved Dock is comprised of property that you own, we (or our appointee) may enter your Dock for any purposes permitted under this Agreement, including to inspect the Dock, de-identify the Dock and remove Operating Assets upon termination or expiration of this Agreement, or assume the management and operation of your Business under Section 14.C. If we choose to do so, we will do so without assuming any form of liability.

C. COMPUTER SYSTEM AND OTHER TECHNOLOGY. You must obtain, use, and maintain the functionality of the integrated computer hardware and software system, including an integrated computer-based point-of-sale system, that we designate or approve from time to time (the "**Computer System**"). You may be required, at your expense, to purchase, lease, or license new or modified computer hardware or software and to obtain service and support for the Computer System to accommodate our changes to the system. We bear no liability for any failure of the Computer System's hardware or software, programming interfaces, internet connectivity or security measures.

You must use the e-mail account we provide, and you must maintain all specified points of high-speed internet connection. Subject to applicable laws, we will retain unrestricted administrative rights to your email account and reserve the right to require that you grant us administrative privileges with respect to social media accounts that you use for your Business. We will have the right to access all such accounts and monitor your activity. We may deactivate any such account or limit your or your users' access to it at any time.

We may require from time to time that you use certain software and technology that we or our affiliates own or license and may condition your use on signing a software license agreement or similar document that we or our affiliates prescribe. We will have independent access to data, and there shall be no contractual limitations on our right to access to such data.

D. FINANCING; LIQUIDITY. You must maintain sufficient working capital and liquidity as necessary and appropriate to comply with your obligations under this Agreement. On our request, you will provide us with evidence of working capital availability. We may from time to time designate the maximum amount of debt that our franchisees may service, and you agree to comply with such limits. Any debt financing used to fund the development or operation of your Business is subject to our prior written approval. While we may allow the Operating Assets to be used as collateral to secure third party financing, we are not required to, and will not, allow this Agreement or the Franchise to be used as collateral. You agree to apply for and diligently pursue any government-issued, government-sponsored, or governmental-guaranteed grants, non-recourse loans, and/or bailouts for which you qualify and that are made available to small businesses as an economic stimulus.

E. PLACING YOUR VESSELS INTO SERVICE. You must place your Vessels into service in accordance with the Activation Schedule; however, you may not place any Cruisin' Tikis Vessel into service until we notify you in writing that you have met all of our System Standards and other requirements for your Vessel's activation, and you have complied with all licensure and other legal requirements. Subject to your compliance with licensure requirements and other legal requirements under the applicable Laws (as defined in Section 5.I.), you must begin regular operation of each Vessel within five (5) days of our notice that it is approved for activation, but in no event later than the date specified in your Activation Schedule. The date that your Vessel is placed into service for full use by customers is referred to as the "**Activation Date**." You must actively and continuously operate each Vessel during the business hours (as we may periodically prescribe in the Manual) beginning on the Activation Date for the entire remaining duration of the Term.

F. AUTHORIZED PRODUCTS AND SERVICES. You agree to offer and sell all, and only those, goods and services that we approve or mandate from time to time and to maintain required minimum levels of inventory as we may specify from time to time. We may add to, modify, or eliminate elements of the authorized goods or services at any time in our sole discretion. You understand that our control over those goods and services and the methods of their delivery is essential to consistent customer experience and maintaining and improving the reputation and goodwill associated with the Marks, and therefore, agree that you will offer and sell only the authorized goods and services. If you want to offer or use any services, products, materials, forms, items, or supplies in connection with or for sale through your Business that are not approved by us, you must first request and obtain our written approval. We may, at any time and in our sole discretion, revoke our approval, and, in that case, you must stop using or selling the particular products or services.

Your submission to us of any proposal to offer or sell additional goods or services will constitute an assignment of any rights in those goods or services for us to offer or sell them ourselves, to make them available to other franchisees, and to make them and any revisions, alterations, or derivations available to you and any other franchisee.

G. REQUIREMENT TO USE APPROVED VENDORS. You agree to use only those suppliers, manufacturers, vendors, distributors, and producers (collectively, the "**Vendors**") that we approve, designate or authorize to provide goods and services sold from, used in, or relating to the operation of your Business. We and our affiliates may be a Vendor and, in some cases, the only approved Vendor, and may derive revenue from transactions with you and other franchisees and use such revenue without restriction and may charge a handling fee on purchases you make. We and our affiliates may also receive discounts, rebates, bonus payments, and other benefits (including in the form of cash, like-kind or credit) from approved Vendors as compensation for our approval and in connection with their transactions with you without any obligation to share such amounts with you. Our approval of a Vendor may include approval of the price, terms, conditions and distribution methods under which the Vendor will sell or provide products and services to you. We may choose to approve only one Vendor for certain products or services and to negotiate with certain Vendors a national contract under which we and all franchisees may be allowed or required to participate. To ease the Vendor's administrative burden, we may arrange to collect or have our affiliates collect fees and expenses associated with products and services they provide to you and, in turn, pay the Vendor on your behalf for such products or services. If we elect to do so, you agree that we or our affiliates are acting merely as a collection agent for the Vendor and are not responsible for the quality of goods or services for which we collect payment. We may auto-debit your bank account for such amounts in the same manner and using the same authorization that you grant us with respect to payment of Royalty and other fees. We may, with or without cause, revoke our approval of any Vendor at any time. If you ask us to approve, and we agree to evaluate, a specific Vendor, we may require you to reimburse us the costs we incur in evaluating that Vendor.

H. MANAGEMENT OF YOUR BUSINESS. You have sole responsibility for the day-to-day management of your Business and operation of your Vessels, including determining all aspects of your relationships with your employees and prospective employees. Your Business must always be under the supervision of at least one person who, in our sole discretion, meets our System Standards to supervise the management and operation of a Vessel. If you (or your Managing Owner) are not supervising the operation of any Vessel on a full-time basis, you must obtain our approval of any person that you wish to engage to supervise the management of each of your Vessels. We may, subject to applicable laws, require such person to complete certain training programs, confirm that they do not and will not own any competitive business, and/or require them to execute a non-disclosure agreement or other covenants we require.

I. COMPLIANCE WITH LAWS AND GOOD BUSINESS PRACTICES. You are solely responsible for ascertaining which laws, ordinances, regulations, and Executive Orders (collectively, "**Laws**") are applicable to your Business and must operate your Business in full compliance with them. Where our compliance with applicable Laws is dependent on or a function of the operation of your Business, you also agree to assist us, as we request, in our compliance efforts.

In all of your dealings and activities (including during times when your Business is not opened but your employees are wearing clothing which bear the Marks or are otherwise representing your business), you and your owners must adhere to the highest standards of honesty, integrity, fair dealing and ethical conduct and refrain from any business or advertising practice that might injure our business, the goodwill associated with the Marks, your business, or any other

Cruisin' Tikis Vessels. You will promptly pay when due all taxes, fees, debts, expenses, and assessments of your business and not permit a tax sale or seizure by levy of execution or similar writ or warrant to occur. You must notify us in writing within three (3) business days if any action is filed relating to you, your owners, or your Business; any order, writ, injunction, award or decree is issued by any court, agency or other governmental instrumentality; any notice of violation of any Law relating to your Business or relating to you or your owners if your Business may be affected thereby; any audit, investigation or similar proceeding by any such person or governmental authority is pending or threatened against you; you receive any complaint from a customer or prospective customer or from the Better Business Bureau, any local, state or federal consumer affairs department or division, or any other government or independent third party. You must immediately provide to us copies of any documentation related to the foregoing and resolve the matter in a prompt and reasonable manner in accordance with good business practices. Notwithstanding the foregoing, unless any order by the federal, state, or local authority requires you to close your Business, you will not close your Business without our prior written consent.

J. INSURANCE. During the Term you must, at a minimum, maintain in force all insurance required by applicable Laws and that we prescribe from time to time in the Manual. Each insurance policy for liability coverage must name us and any affiliates we designate as additional named insureds and all insurance policies must provide for 30 days' prior written notice to us of a policy's material modification, cancellation, or expiration. You routinely must furnish us copies of Certificates of Insurance or other evidence confirming the existence of and full payment for the required policies and coverage. If you fail or refuse to obtain and maintain the required insurance, we may (but need not), in addition to our other remedies, obtain such insurance on your behalf, in which event you shall cooperate with us and reimburse us for all premiums, costs and expenses we incur in obtaining and maintaining the insurance, plus a reasonable fee for our time incurred in obtaining such insurance.

Our requirements for minimum insurance coverage represent only the minimum coverage that we deem acceptable to protect our interests. It is your sole responsibility to obtain insurance coverage for your Business that you deem appropriate, based on your own independent investigation. We are not responsible if you sustain losses that exceed your insurance coverage under any circumstances.

K. PRICING. Unless prohibited by applicable Laws, we may periodically set a fixed price or a range of permitted prices that you may charge for products and services offered by your Business. For any product or service for which we do not set the price or a price range, we may require you to comply with an advertising policy we adopt which will prohibit you from advertising any price for a product or service that is different than our determined price or range. Although you must comply with any advertising policy we adopt, you will not be prohibited from selling any product or service at a price above or below the suggested retail price unless we impose a price or price range for such product or service.

L. CERTAIN NUMBERS AND LISTINGS. You agree that, as between us and you, we have the sole rights to, and you hereby assign to us, all telephone numbers, facsimile numbers, directory listings and any other type of contact information that you use in the operation or promotion of your Business ("**Contact Identifiers**"). The Contact Identifiers may be used only for your Business and for no other purpose. You irrevocably appoint us, with full power of substitution, as your true and lawful attorney-in-fact, which appointment is coupled with an

interest, to execute such directions and authorizations as may be necessary to accomplish the foregoing.

M. COMPLIANCE WITH SYSTEM STANDARDS. You agree at all times to operate and maintain your Business and Vessels according to each and every mandatory System Standard, as we may modify and supplement them from time to time. System Standards may regulate any aspect of the operation and maintenance of your Business, including: marketing and promotional activities; use of the Marks; days and hours of operation; service response times; ratio of population to number of Vessels; customers' methods of payment; participation in market research and testing, and product and service development programs; the terms of participation in gift card and loyalty programs; processes for servicing equipment; bookkeeping, accounting, data processing and record keeping systems and forms; formats, content and frequency of reports to us; types and quantity of equipment and other items used in the business (including the Computer System); pricing information and requirements; standards, criteria and qualifications for Cruisin' Tikis Vessel operators.

N. NON-DISPARAGEMENT. You and we agree not to (and to use our respective best efforts to cause our respective current and former shareholders, members, officers, directors, principals, agents, partners, employees, representatives, attorneys, spouses, Affiliates, successors and assigns not to), directly or indirectly, both during and after the Term, disparage, speak or write negatively about the other (or such other's affiliates or its or its affiliates' owners, directors, officers, employees, representatives or affiliates),or otherwise subject the other to ridicule, scandal, reproach, scorn, or indignity. You agree not to (and to use your best efforts to cause your current and former shareholders, members, officers, directors, principals, agents, partners, employees, representatives, attorneys, spouses, Affiliates, successors and assigns not to), directly or indirectly, both during and after the Term, disparage, speak or write negatively about the Cruisin' Tikis® brand, the System, any Cruisin' Tikis Vessel (including your own), or any business using the Marks or the System, or otherwise engage in any other activity which might injure the goodwill of the Marks or the System.

O. INFORMATION SECURITY. You may from time to time have access to information that can be used to identify an individual, including names, addresses, telephone numbers, e-mail addresses and other Contact Identifiers, employee identification numbers, signatures, passwords, financial information, credit card information, biometric or health data, government-issued identification numbers and credit report information ("**Personal Information**"). You may gain access to such Personal Information from us, our affiliates, our vendors, or your own operations. You acknowledge and agree that all Personal Information is our Confidential Information and is subject to the protections in Section 9.

During and after the Term, you (and if you are conducting business as an entity, each of your owners) agree to, and to cause your respective current and former employees, representatives, affiliates, successors, and assigns to: (a) process, retain, use, collect, and disclose all Personal Information only in strict accordance with all applicable laws, regulations, orders, the guidance and codes issued by industry or regulatory agencies, and the privacy policies and terms and conditions of any applicable Online Presence (as defined in Section 6.D); (b) assist us with meeting our compliance obligations under all applicable laws and regulations relating to Personal Information, including the guidance and codes of practice issued by industry or regulatory agencies; and (c) promptly notify us of any communication or request from any customer or other

data subject to access, correct, delete, opt-out of, or limit activities relating to any Personal Information.

If you become aware of a suspected or actual breach of security or unauthorized access involving Personal Information, you must notify us immediately, and specify the extent to which Personal Information was compromised or disclosed, and your plans to correct and prevent any further breach or unauthorized access. You will allow us, in our sole discretion, to participate in any response or corrective action. We reserve the right to conduct a data security and privacy audit of your Business and your Computer System at any time and at your expense to ensure that you are complying with our requirements and applicable Laws related to handling Personal Information. You agree to cooperate with us fully during the course of this audit. If we exercise any of these rights, we will not interfere unreasonably with the operation of your business.

Notwithstanding anything to the contrary in this Agreement or otherwise, you agree that we do not control or own any of the following Personal Information (collectively, the "Restricted Data"): (a) any Personal Information of the employees, officers, contractors, owners, or other personnel of you, your affiliates, or your Business; and/or (b) such other Personal Information as we from time to time expressly designate as Restricted Data. Regardless of any guidance we may provide generally and/or any specifications that we may establish for other Personal Information, you have sole and exclusivity responsibility for all Restricted Data, including establishing protections and safeguards for such Restricted Data; provided, that in each case you agree to comply with all applicable laws, regulations, orders, and the guidance and codes issued by industry or regulatory agencies applicable to such Restricted Data.

6. MARKETING YOUR BUSINESS AND THE BRAND

A. GRAND OPENING ADVERTISING. You must participate in a grand opening marketing program that we approve and specify for each Vessel prior to its Activation Date, to take place leading up to when you begin operating such Vessel. You agree to comply with our guidelines for, and to conduct the grand opening marketing program in accordance with, the System Standards. You must seek our approval of your grand opening marketing program strategy at least 60 days prior to the Activation Date. In conducting the grand opening program, you must use only our approved media, materials, programs and strategies. We also reserve the right to require that you pay us or our designee the amounts you are required to spend under this Section 6.A, in which case, we will spend those amounts, in our sole discretion, to advertise and promote the grand opening of your Vessel(s).

B. BRAND PROMOTION FUNDS. We have established a marketing and brand promotion funds to promote, on international, national, regional or local levels, the Marks, patronage of Cruisin' Tikis Vessels, and the Cruisin' Tikis® brand generally (collectively, the "**Brand Promotion Funds**"). We will determine the amount you must contribute to each Brand Promotion Fund from time to time, upon notice to you; provided that in no event will the aggregate amount of your required contributions to all Brand Promotion Funds and your required Local Marketing Spend under Section 6.C exceed five percent (5%) of Gross Sales (the "**Required**

Marketing Cap"). Contributions to the Brand Promotion Funds will be payable in the same manner as the Royalty unless we specify otherwise.

We or our designees will direct all programs and activities of the Brand Promotion Funds, and will have sole control over the creative concepts, materials, and endorsements used and their geographic, market, and media placement and allocation. The Brand Promotion Funds may pay for all aspects of the activities in which they engage, including preparing and producing video, audio, and written materials and electronic media; developing, implementing, and maintaining a System Website and related strategies; administering regional and multi-regional marketing and advertising programs, including purchasing print and other media advertising and using advertising, promotion, and marketing agencies and other advisors to provide assistance; developing and administering software, applications, and related integrations; administering search engine, social media and other online marketing campaigns; supporting public relations, market research, and other advertising, promotion, and marketing activities; and hosting and supporting an annual brand conference.

We will, from time to time, give you, at no cost, templates of advertising, marketing, and promotional formats and materials developed by the applicable Brand Promotion Fund.

We do not need to segregate contributions to a Brand Promotion Fund from our other funds, but we will account for the Brand Promotion Fund separately from our other funds. The Brand Promotion Funds are not our asset, and we will not use them for any of our general operating expenses. However, we may reimburse ourselves or pay our affiliates or other designees from the Brand Promotion Funds for the reasonable salaries and benefits of personnel who manage and administer the funds, the funds' other administrative costs, travel expenses of personnel while they are on the funds' business, meeting costs, overhead relating to the funds' business, and other expenses incurred in activities reasonably related to administering or directing the funds and their programs, including conducting market research, public relations, preparing advertising, promotion, and marketing materials, and collecting and accounting for fund contributions.

We do not owe any fiduciary obligation to you for administering the Brand Promotion Funds or any other reason. We hold all contributions to the Brand Promotion Funds for the benefit of the contributors and use contributions for the purposes described in this Section 6.B. The Brand Promotion Funds may spend in any fiscal year more or less than the total contributions received in that year, borrow from us or others (paying reasonable interest) to cover deficits, or invest any surplus for future use. We may use all interest earned on contributions to the Brand Promotion Fund to pay costs before using the funds' other assets. We will prepare an annual, unaudited statement of collections and activities for each Brand Promotion Fund. Once the annual statement is completed and on your written request, we will provide you, for the most recently completed fiscal year, with a copy of the statement for each Brand Promotion Fund for which you have contributed. We may have any Brand Promotion Fund audited annually, at the applicable fund's expense, by an independent certified public accountant. We may incorporate any of the Brand Promotion Funds or operate any of them through separate entities at our sole discretion. The successor will have all of the rights and duties specified in this Section 6.B.

We intend for the Brand Promotion Fund to promote recognition of the Marks and patronage of Cruisin' Tikis Vessels generally. Although we will try to operate each Brand

Promotion Fund in a way that will benefit all contributing franchisees, we need not ensure that any particular franchisee benefits, directly or indirectly, proportionate or equivalent to its contributions. We have the right, but no obligation, to use collection agents and institute legal proceedings, at the applicable fund's expense, to collect contributions owed to the Brand Promotion Funds. We also may forgive, waive, settle, and compromise all claims by or against any Brand Promotion Fund. Except as expressly provided in this Section 6.B, we assume no direct or indirect liability or obligation to you for collecting amounts due to, maintaining, directing, or administering the Brand Promotion Funds.

We may at any time defer or reduce contributions of a franchisee and, upon 90 days' prior notice to you, reduce or suspend contributions to one or more Brand Promotion Funds and their operations for one or more periods of any length and terminate (and, if terminated, reinstate) any one or more of the Brand Promotion Funds. If we terminate a Brand Promotion Fund, we will either refund the balance of the fund to its contributors, pro rata, or spend all remaining monies in such Brand Promotion Fund in our sole discretion.

C. YOUR LOCAL MARKETING. You are solely responsible for conducting all local advertising for your Business, but you must do so using only the advertising media we determine and the forms of advertisement we approve. You must (i) not advertise your Business within the designated territory granted to other franchisees without our prior written approval, (ii) list your Business with the online directories and subscriptions we periodically prescribe, (iii) establish any other online presence we require or authorize, and (iv) comply with all our System Standards for your local advertising, including your online presences.

Subject to the Required Marketing Cap, we may require you from time to time to spend a minimum amount per month to advertise and promote your Vessels (the "**Local Marketing Spend**"). We reserve the right to approve the type of expenditure that will count towards your Local Marketing Spend. On our request, you agree to send us, in the manner we prescribe, an accounting of your Local Marketing Spend during the preceding months.

You agree that your advertising, promotion, and marketing will be completely clear, factual, and not misleading and conform to the highest standards of ethical advertising, the System Standards, applicable Laws, and any marketing or advertising policies that we prescribe from time to time. Before using them, you must send us, for our approval, samples of all advertising, promotional and marketing materials that we have previously not approved. You may not use any advertising, promotional, or marketing materials that we have not approved or have disapproved.

D. SYSTEM WEBSITE; ONLINE PRESENCES. We may establish and, from time to time, update, maintain and modify a website to advertise, market, and promote Cruisin' Tikis Vessels, the products and services they offer and sell, and the franchise opportunity (a "**System Website**"). We will determine and control all aspects of the System Website and may use the Brand Promotion Fund's assets to develop, maintain, and update it. We may, but are not obligated to, provide your Business with a webpage on the System Website. If we do, you must provide us the information and materials we request, notify us whenever any information on your webpage is not accurate, and, if we give you the right to modify your webpage, notify us whenever you change the content of your webpage. We will own all intellectual property and other rights in all System Websites, including your webpage and all information it contains (including the domain name, any

associated email address, any website analytical data, and any personal or business data that visitors supply). We may suspend or remove your webpage if you are not in full compliance with this Agreement and will permanently remove it from the System Website upon expiration or termination of this Agreement.

We may require you to obtain from us and use an email address associated with our registered domain name. If we do, you must do so according to our then-current terms and conditions. We reserve the right to charge you a fee for each email address we provide you as part of the Technology Fee.

Except as provided above, or as approved by us in writing or in the Manual, you may not develop, maintain or authorize any website, domain name, email address, social media account, other online presence or presence on any electronic, virtual, or digital medium of any kind ("**Online Presence**") that mentions your Business or your Vessels, links to any System Website or displays any of the Marks, or engage in any promotional or similar activities, whether directly or indirectly, through any Online Presence. If we approve the use of any such Online Presence, you will develop and maintain it only in accordance with our guidelines, including our guidelines for posting any messages or commentary on other third-party websites. We will own the rights to each such Online Presence. At our request, you will grant us access to each Online Presence and take whatever action (including signing assignment or other documents) we request to evidence our ownership of it, or to help us obtain exclusive rights in your Online Presence. If we permit you to maintain any Online Presence for your Business, you must prepare and link a privacy policy to such Online Business and such privacy policy must comply with all applicable laws, the System Standards, and other term and conditions that we may prescribe in writing.

7. RECORDS, REPORTS, AND FINANCIAL STATEMENTS

You must at your own expense establish and maintain a transactional, bookkeeping, accounting, and recordkeeping system conforming to the System Standards and, where we require the use of outside resources, using only approved Vendors. You agree to give us such information regarding the operation of your Business (and broken out for each individual Vessel) that we require from time to time, including:

(1) Monthly operating statements, financial statements, statistical reports, purchase records, and other information we request for the previous month and the fiscal year to date, due within 30 days after each accounting month we specify from time to time;

(2) annual profit and loss and source and use of funds statements and a balance sheet as of the end of fiscal-year end, prepared in accordance with generally accepted accounting principles, due within 90 days after each fiscal year;

(3) exact copies of income tax returns, sales tax returns, and any other forms, records, books, and other information we periodically require or any of your owners (if you are not a natural person), due within 10 days after our request; and

(4) by January 15, April 15, July 15 and October 15 of each calendar year, reports on the status (including the outstanding balance, then-current payment amounts, and whether such loan is in good standing) of any loans outstanding as of the previous

calendar quarter for which your Business, your Vessels, or your Operating Assets are collateral. You must also deliver to us, within five (5) days after your receipt, copies of any default notices you receive from any of such lenders. You agree that we or our affiliates may contact your banks, other lenders, and Vendors to obtain information regarding the status of loans of the type described herein and your accounts (including payment histories and any defaults), and you hereby authorize your bank, other lenders, and Vendors to provide such information to us and our affiliates.

We may, as often as we deem appropriate, access the Computer System and retrieve all information relating to the operation of your Business. You agree to preserve and maintain, in a secure location, all books and records relating to your Business for at least six (6) years.

8. MARKS

You agree that, as between you and us, we (and our affiliates) own the Marks and certain other trademarks, service marks, names and commercial symbols that we authorize owners of Cruisin' Tikis Vessels to use in the operation of their businesses. Your license to use the Marks is limited solely to the operation of your Business as described in, and in accordance with, this Agreement. Any goodwill created by your use of the Marks inures to our and our affiliates' sole benefit. You agree not to, at any time during or after the Term, contest or assist any other person in contesting the validity of or our or our affiliates' rights to the Marks.

You agree to use the Marks as the sole identifier of your Business and your Vessel(s), and to identify yourself as its independent owner and operator in the manner we prescribe. You may not, without our prior written consent, use any Mark (1) as part of any corporate or legal business name, (2) with any modifying words, terms, designs, or symbols (other than logos we have licensed to you), (3) in selling any unauthorized services or products, (4) as part of any Online Presence, (5) advertising the transfer, sale, or other disposition of your Vessels or Cruisin' Tikis business or an ownership interest in you, or (6) in any other manner that we have not expressly authorized in writing, including, to advertise, support, or endorse any organizations, brands, products, or services. You must prominently display the Marks as we prescribe and on forms, advertising, supplies, and other materials we designate. You must give notices of trademark registrations that we specify. We may, at our discretion, require that you modify or discontinue the use of any Mark or use one or more additional or substitute Marks, and you will, at your expense, comply with our directions in that regard within a reasonable time after receiving notice. We are not required to reimburse you for the expenses you incur in changing any of the Marks, for any loss of revenue due to any modified or discontinued Mark, or for your expenses of promoting a modified or substitute Mark.

You must promptly notify us if you learn of any apparent or potential infringement of or challenge or claim relating to any of the Marks. You will not communicate with anyone other than us or our legal counsel in connection with any infringement, challenge or claim, except as further agreed upon by you and us. We will have sole discretion to take any action we deem appropriate and will have the exclusive right to control any litigation or other proceeding arising out of any infringement, challenge or claim. You will execute all documents, render any assistance, and take any actions that, in our opinion, are necessary or advisable to protect and maintain our interests in

any litigation or other proceeding or otherwise to protect and maintain our interests in the Marks and the rights of all duly authorized franchisees to the Marks.

9. CONFIDENTIAL INFORMATION

We own (and may continue to develop and acquire) certain confidential and non-public information (the "**Confidential Information**") that you and your owners and personnel may from time to time have access to, be provided with, or otherwise be exposed to, some of which may constitute trade secrets under applicable law, relating to developing, operating and promoting Cruisin' Tiki businesses and Vessels, whether or not marked confidential, including: development processes, tools and equipment; training and operations materials and manuals, including, the Manual, and any passwords and other digital or other identification used to access these materials; the System Standards and other methods, formats, specifications, standards, systems, procedures, techniques, sales and marketing techniques, knowledge, and experience used in developing, promoting and operating Cruisin' Tikis Vessels; market research and promotional programs for Vessels; knowledge of specifications for pricing and suppliers of Operating Assets and other products and supplies; any computer software or similar technology which is proprietary to us, our affiliates, or the System, including, digital passwords and identifications and any source code of, and data, reports, and other printed materials generated by, the software or similar technology; knowledge of the operating results and financial performance of Cruisin' Tikis Vessels and businesses; and customer lists, information, and data. Confidential Information does not include Restricted Data and information, knowledge, or know-how which is lawfully known to the public without violation of applicable law or an obligation to us or our affiliates.

All our Confidential Information will be owned by us and, however delivered to you, shall be deemed proprietary to us. You acknowledge that any unauthorized use or disclosure of our Confidential Information would be an unfair method of competition and a breach of trust and confidence and will result in irreparable harm to us and our affiliates. You therefore agree that during and after the Term you will, and to cause your spouses, immediate family members, affiliates, and assigns to:

(1) process, retain, use, collect, and disclose our Confidential Information strictly to the limited extent, and in such a manner, as necessary for the development and operation of your Business in accordance with this Agreement, and not for any other purpose of any kind;

(2) process, retain, use, collect, and disclose our Confidential Information strictly in accordance with the privacy policies and System Standards we establish from time to time, and our and our representative's instructions;

(3) keep confidential and not disclose, sell, distribute, or trade our Confidential Information to any person other than those of your employees and representatives who need to know such Confidential Information for the purpose of assisting you in operating your Business in accordance with this Agreement; and you agree that you will be responsible for any violation of this requirement by any of your representatives or employees;

(4) not make unauthorized copies of any of our Confidential Information;

(5) adopt and maintain administrative, physical and technical safeguards to prevent unauthorized use or disclosure of any of our Confidential Information, including by establishing reasonable security and access measures, restricting its disclosure to key personnel, and/or by requiring persons who have access to such Confidential Information to be bound by contractual obligations to protect such Confidential Information and preserve our rights and controls in such Confidential Information, in each case that are no less protective or beneficial to us than the terms of this Agreement; and

(6) at our request, destroy or return any of the Confidential Information.

You will not acquire any interest in the Confidential Information other than the right to use it as we specify in connection with your Business during the Term. You agree to protect the Confidential Information from unauthorized use, access, or disclosure in the same manner as you protect your own confidential or proprietary information of a similar nature and with no less than reasonable care. We may require you to have your employees and contractors execute individual undertakings and shall have the right to regulate the form of and to be a party to or third-party beneficiary under any such agreements.

All improvements, developments, derivative works, enhancements, or modifications to the System Standards and any Confidential Information (collectively, "**Innovations**") made or created by you, your employees or your contractors, whether developed separately or in conjunction with us, shall be owned solely by us. You represent, warrant, and covenant that your employees and contractors are bound by written agreements assigning all rights in and to any Innovations developed or created by them to you. To the extent that you, your employees, or your contractors are deemed to have any interest in such Innovations, you hereby agree to assign, and do assign, all right, title and interest in and to such Innovations to us. To that end, you shall execute, verify, and deliver such documents (including, assignments) and perform such other acts (including appearances as a witness) as we may reasonably request for use in applying for, obtaining, perfecting, evidencing, sustaining, and enforcing such ownership rights in and to the Innovations, and the assignment thereof. Your obligation to assist us with respect to such ownership rights shall continue beyond the expiration or termination of this Agreement. If we are unable for any reason, after reasonable effort, to secure your signature on any document needed in connection with the actions specified in this Section 9, you hereby irrevocably designate and appoint us and our duly authorized officers and agents as your agent and attorney in fact, which appointment is coupled with an interest and is irrevocable, to act for and on your behalf to execute, verify, and file any such documents and to do all other lawfully permitted acts to further the purposes of this Section 9 with the same legal force and effect as if executed by you. The obligations of this Section 9 shall survive any expiration or termination of the Agreement.

10. EXCLUSIVE RELATIONSHIP DURING TERM

We have granted you the Franchise in consideration of and reliance upon your agreement to deal exclusively with us. Therefore, during the Term, neither you, your Affiliates, any of your or your Affiliates' owners, nor any of your, your Affiliates' or your owners' spouses will:

(1) have any direct, indirect or beneficial ownership interest in, be employed by, be landlord of, or perform services for a Competitive Business (defined below),

wherever located or operating (except that equity ownership of less than 5% of a public company will not be deemed to violate this subparagraph);

(2) divert or attempt to divert any actual or potential business or customer of your Business to a Competitive Business; or

(3) directly or indirectly, appropriate, use or duplicate the System Standards, or any portion thereof, for use in any other business or venture.

"**Competitive Business**" means any business (other than a Cruisin' Tikis Vessel) that (a) operates, grants franchises or licenses for the operation of, or otherwise assists the operation or charter of themed commercial water vessels; (b) sells or manufactures themed commercial water vessels; or (c) sells or services any other product or service that is substantially the same as or similar to any product or service that accounts for more than 5% of the aggregate sales and service revenue of Cruisin' Tikis Vessels (based on the average of all Cruisin' Tikis Vessels).

You agree to obtain similar covenants from your personnel and advisors having access to Confidential Information. We have the right to regulate the form of agreement that you use and to be a third-party beneficiary of that agreement with independent enforcement rights.

11. INSPECTIONS AND AUDITS

We and our representatives may at all times and without prior notice to you (including prior to granting you a successor franchise as described in Section 13 below), inspect, photograph, observe and videotape your Business and Vessels; remove samples of any products and supplies; interview your personnel and customers; inspect your Computer System, including hardware, software, security, configurations, connectivity, and data access; and inspect and copy any books, records, and documents relating to the operation of your activities under this Agreement, including in each case by entering your Dock and/or Vessels. You agree to fully cooperate with us in these inspections. If we exercise any of these rights, we will not interfere unreasonably with the operation of your Business. Upon notice from us, and without limiting our other rights under this Agreement, you will promptly remedy any deficiencies detected during any inspection. You must reimburse us of all costs (including travel expenses, room and board and compensation of our representatives) associated with inspections or follow-up visits that we conduct after any audit or inspection of your Business or Vessel(s) identifies one or more failures of System Standards, and/or if any follow-up visit is necessary because we or our representatives were for any reason prevented from properly inspecting any or all of your Business or Vessel(s) (including because you refused entry to your Business or Vessel(s)). You agree to participate in and request your customers to participate in any surveys performed by or for us.

If any inspection of your books and records discloses an understatement of Gross Sales, you must pay us, within fifteen (15) days after receiving the examination report, the Royalty and Brand Promotion Fund contributions due on the amount of the understatement, plus service charges and interest on the understated amounts from the date originally due until the date of payment. Furthermore, if we conduct an inspection because of your failure to timely furnish required reports, records, or other required information, or if our examination reveals a Gross Sales understatement exceeding five percent (5%) of the amount that you actually reported to us for the

period examined, you agree to reimburse us for the costs of the examination, including the charges of attorneys and independent accountants and the travel expenses, room and board, and compensation of our and our representatives' employees. These remedies are in addition to our other remedies and rights under this Agreement.

Notwithstanding anything to the contrary, we will not be required to send any of our representatives to the site of your Business to provide any assistance or services if, in our sole determination, it is unsafe to do so. Such determination by us will not relieve you from your obligations under this Agreement (including, without limitation, to pay monies owed) and will not serve as a basis for your termination of this Agreement.

12. TRANSFER

A. BY US. You have not signed this Agreement in reliance on any particular person's remaining with us in any capacity. We may change our ownership or form or assign this Agreement and any other agreement to a third party without restriction. We may also delegate the performance of any or all of our obligations under this Agreement to third parties.

B. BY YOU. The rights and duties given to you under this Agreement are personal to you (or to your owners if you are not a natural person). We have granted you the Franchise in reliance upon our perceptions of your (or your owners') individual or collective character, skill, aptitude, attitude, business ability, and financial capacity. Accordingly, neither you nor any of your owners will voluntarily or involuntarily assign, transfer, encumber, or grant a security interest in any direct or indirect interest in or ownership or control of you, your Business, the Vessels or any other Operating Assets, or this Agreement (each a "**Transfer**") without our prior written consent, and we will not approve a proposed Transfer of your Vessel(s) if it does not include transfer of all the Operating Assets of your Business to the same transferee. You are not permitted to and will not offer, sell, or grant any subfranchise in your Business, or subcontract or sublicense the operations of any Vessel.

If you intend to list your Business or any Vessel for sale with a broker or agent, you may do so only after obtaining our written approval of the broker or agent and of the listing agreement. You may not use or authorize the use of any Mark in advertising a Transfer without our prior written consent. You may not use or authorize the use of any written materials to advertise or promote a Transfer without our prior written approval of the materials.

We may condition our consent to a proposed Transfer in any way we deem reasonable in our sole discretion, including requiring that: (i) you and the proposed transferee provide us all information or documents we request about the proposed Transfer, the transferee and its owners; (ii) you have satisfied your obligations under this Agreement and to third parties with whom you have conducted any aspect of your Business through the closing of the Transfer; (iii) the terms of the Transfer (including, but not limited to, price, method, and extent of financing) and the transferee are satisfactory; (iv) you pay us a transfer fee of $1,000 if the transferee is your then-existing owner who we have previously approved, in writing, to be your owner, or 50% of our then-current initial fee for Transfers involving any other transferee; (v) all other approvals required for the Transfer have been obtained or waived by the person whose consent is required; (vi) you and your transferring owners give us a general release of all claims; (vii) you (prior to the transfer)

or the transferee (after the transfer) make any repairs, replacements, or upgrades to the Vessel(s) as necessary to make them compliant with our then-current System Standards; and (viii) the transferee signs our then-current form of franchise agreement (the terms of which may be materially different than those contained in this Agreement), amended to reflect that the agreement governs an existing Business, to eliminate the transferee's requirement to pay an initial franchise fee, and to make the term expire on the date this Agreement is scheduled to expire.

If you or your owners finance any part of the purchase price, you and your owners agree that all of the transferee's obligations under promissory notes, agreements, or security interests reserved in your Business are subordinate to the transferee's obligation to pay fees and other amounts due to us, our affiliates, and third-party vendors, and otherwise to comply with this Agreement. Our consent and any conditions we impose will be evidenced in a written consent to transfer that we, you, your Owners, the transferee, and the transferee's owners must sign.

We may review all information regarding your Business that you give the transferee, correct any information that we believe is inaccurate, and give the transferee copies of any reports that you have given us under this Agreement or that we have made.

C. EFFECT OF CONSENT TO TRANSFER. Our consent to a Transfer is not a representation of the fairness of the terms of any contract between you and the transferee, a guarantee of your transferee's prospects of success, or a waiver of any claims we have against you (or your owners) or of our right to demand full compliance by you and the transferee with this Agreement. On Transfer, transferor must comply with all obligations under Sections 15.A, 15.B, and 15.D as though this Agreement has expired or been terminated.

D. OUR RIGHT OF FIRST REFUSAL. For any proposed Transfer, you or the other transferors must obtain a bona fide, executed written offer from a responsible and fully disclosed buyer, relating exclusively to an interest in you or in this Agreement, or your Business (an "**Offer**"). The proposed purchase price must be in a dollar amount, and the proposed buyer must submit with its Offer an earnest money deposit equal to at least 5% or more of the offering price. We may require you (or your owners) to send us copies of any materials or information sent to the proposed buyer or transferee regarding the possible transaction.

We may, by written notice delivered within 30 days after we receive both an exact copy of the signed Offer and all other information we request, elect to purchase the interests described in the Offer on the terms and conditions contained in the Offer, except that we may substitute cash for any non-cash term; our credit will be deemed equal to the credit of any proposed buyer; we will have an additional 30 days to prepare for closing after notifying you of our election to purchase; and we must receive all customary representations and warranties given by the seller of the assets of a business or the ownership interests in a legal entity, as applicable, including representations and warranties regarding ownership and condition of and title to ownership interests or assets, no liens and encumbrances relating to ownership interests or assets; and validity of contracts and the liabilities, contingent or otherwise, of the seller.

If we do not exercise our right of first refusal, you may complete the Transfer to the proposed buyer on the terms described in the original Offer, but subject to our right to consent as described in Section 12.B. However, if you do not complete the Transfer within 60 days after our

final rejection of or our failure to exercise our right of first refusal or if there is a material change in the terms of the Transfer (which you agree to tell us promptly), we or our designee will have an additional right of first refusal during the 30-day period following either the expiration of the 60-day period or our receipt of notice of the material change(s) in the terms of the Transfer, either on the terms originally offered or the modified terms, at our or our designee's option.

E. OUR RIGHT OF FIRST NEGOTIATION FOR THE SALE OF A VESSEL. If you, at any time, desire to sell a Vessel (a "**Vessel Sale**") and before entering into any agreement with a prospective buyer, you must notify us, in writing, and we will have a right of first negotiation with respect to such transaction. We will have 60 days from the receipt of such notice to engage in good faith negotiations with you regarding the Vessel Sale (the "**Right of First Negotiation Period**"). During the Right of First Negotiation Period, you and we shall negotiate exclusively, reasonably and in good faith concerning the terms of the Vessel Sale. If you and we do not execute a definitive agreement with respect to the Vessel Sale within the Right of First Negotiation Period, and you subsequently receive a bona fide, executed written offer from a responsible and fully disclosed buyer, our right of first refusal under Section 12.D will apply to the proposed sale.

13. YOUR RIGHT TO ACQUIRE A SUCCESSOR FRANCHISE

You may acquire a successor franchise for a consecutive and uninterrupted 5-year term (a if: (i) you have been in compliance with this Agreement during the Term, (ii) you are in full compliance with this Agreement and all mandatory System Standards both on the date you give us written notice of your election to acquire a successor franchise and on the date on which the term of the successor franchise would commence, and (iii) we are then granting franchises for Cruisin' Tikis Vessels, both generally and in the geographic region in which your Designated Territory is located.

You must give us written notice of your election to acquire a successor franchise no more than 180 days and no less than 90 days before this Agreement expires. We will give you written notice, not more than 30 days after we receive your notice, of our decision whether to grant you a successor franchise. If applicable, our notice will include a description of any deficiencies found in your Vessel(s) that must be corrected as a condition of receiving the successor franchise. If we grant you a successor franchise, you and your owners must, prior to expiration of the Term, sign the franchise agreement we then use to grant franchises for Cruisin' Tikis Vessels (modified as necessary to reflect the fact that it is for a successor franchise), which may contain provisions that differ materially from those contained in this Agreement, and sign general releases, in a form satisfactory to us, of any and all claims against us and our affiliates and our and their owners, officers, directors, employees, agents, successors, and assigns. We will waive the initial franchise fee under the new agreement, but you must pay a renewal fee in an amount equal to 50% of our then current initial franchise fee. If we are then not offering new Cruisin' Tikis franchises, the renewal fee will be 50% of last initial franchise fee we charged for a new Cruisin' Tikis franchise.

14. TERMINATION OF AGREEMENT

A. YOUR RIGHT TO TERMINATE. If you and your owners are fully complying with this Agreement, you may terminate this Agreement if we violate a material and substantial provision of this Agreement and fail to (1) remedy or to make substantial progress toward curing

the violation within 60 days after receiving written notice from you detailing our alleged violation, or (2) give you reasonable evidence of our effort to cure such failure within a reasonable time (if we cannot correct the failure within such 60 days) within 60 days after receiving written notice from you detailing our alleged violation. Your termination will be effective an additional 60 days after you deliver us written notice of termination. Your termination of this Agreement other than according to this Section 14.A will be deemed a termination without cause and a breach of this Agreement.

B. <u>OUR RIGHT TO TERMINATE</u>. We may terminate this Agreement, effective immediately upon delivery of written notice of termination to you, if:

(1) you (or any of your owners) have made or make any material misrepresentation or omission in acquiring the Franchise;

(2) you do not satisfy your Activation Schedule;

(3) we determine that you (or your Managing Owner) or your employees who operate your Vessels are not capable or qualified to satisfactorily do so;

(4) you become unable, or you abandon or fail, without our prior written approval, to actively operate any Cruisin' Tikis Vessel for three (3) or more consecutive business days, or otherwise abandon or appear to have abandoned your rights under this Agreement;

(5) you (or any of your owners) are (i) convicted by a trial court of, or plead no contest or guilty to, a felony, or (ii) engage in any conduct that, in either event and in our opinion, adversely affects or is likely to adversely affect the reputation of your Business, the goodwill associated with the Marks, or your ability to conduct your activities in accordance with this Agreement;

(6) you or any of your owners violate the restrictions in this Agreement on transfer, use and disclosure of Confidential Information or on Competitive Businesses;

(7) you lose ownership or possession of the Vessel(s), your Dock, or violate the terms of the Possession Agreement;

(8) you violate any law, ordinance, rule or regulation of a governmental agency in connection with the operation of your Business and fail to correct such violation within 72 hours after you receive notice from us or any other party, regardless of any longer period of time that any governmental authority or agency may have given you to cure such violation, or you create or allow to exist any condition which we reasonably determine to present a health or safety concern for customers or employees;

(9) you fail to pay us or our affiliates any amounts due and do not correct the failure within 10 days after written notice or fail to pay any third-party obligations owed in connection with your activities under this Agreement and do not correct such failure within any cure periods permitted by the person to whom such obligations are owed;

(10) you fail to pay when due any federal or state income, service, sales, use, employment or other taxes due on or in connection with the operation of your business under this Agreement, unless you are in good faith contesting your liability for these taxes;

(11) you (a) fail on three (3) or more separate occasions within any 12 consecutive month period to comply with this Agreement or (b) fail on two (2) or more separate occasions within any six (6) consecutive month period to comply with the same obligation under this Agreement, in either case, whether or not we notify you of the failures, and, if we do notify you of the failures, whether or not you correct the failures after our delivery of notice to you;

(12) you become or admit in writing your insolvency or inability to pay your debts generally as they become due; a receiver, trustee, or liquidator is appointed for all or the substantial part of your property; any of your Vessels is attached, seized, subjected to a writ or distress warrant, or levied upon, unless the attachment, seizure, writ, warrant, or levy is vacated within 30 days; or any order appointing a receiver, trustee, or liquidator of you or your Business is not vacated within 30 days following the order's entry; or you (or any of your owners) file a petition in bankruptcy or a petition in bankruptcy is filed against you;

(13) you fail to pass a quality assurance audit, and do not cure such failure within 15 days after we deliver written notice of failure to you;

(14) you or an Affiliate fails to comply with any other agreement with us or our affiliate and does not correct such failure within the applicable cure period, if any;

(15) you (or any of your owners) fail to comply with any other provision of this Agreement or any mandatory System Standard, and do not correct the failure within 30 days after we deliver written notice of the failure to you.

In addition to the foregoing, and in lieu of terminating the entire Agreement, we may terminate your right to operate any one or more of your Vessels for any of the foregoing reasons.

C. <u>OUR RIGHT TO ASSUME MANAGEMENT OF YOUR BUSINESS</u>. If (1) you abandon or fail to actively conduct your Business or operate any Vessel that you previously operated (except in connection with a permitted Transfer or due to necessary repairs); (2) you fail to comply with any provision of this Agreement or any mandatory System Standard and do not cure the failure within the time period we specify in our notice to you; or (3) this Agreement expires or is terminated and we are deciding whether to exercise our option to purchase your Operating Assets under Section 15.B. below, we have the right (but not the obligation), without waiving our right to terminate the Agreement under Section 14.B above, to assume (or to appoint a third party to assume) the operation of the affected Vessels, for any period of time we deem appropriate. In that event, you will pay us (in addition to other amounts due under this Agreement) 10% of Gross Sales, plus our (or the third party's) direct out-of-pocket costs and expenses, for any period we deem appropriate. We will have a duty to utilize only reasonable efforts and will not be

liable to you or your owners for any debts, losses, or obligations incurred, or to any of your creditors for any supplies, products, or other assets or services purchased, during our management.

15. CONSEQUENCES OF TERMINATION OR EXPIRATION OF THIS AGREEMENT

A. YOUR OBLIGATIONS. Upon expiration or termination of this Agreement, all guarantees and obligations that are triggered by or that survive expiration or termination will remain in effect. In addition:

(1) you will immediately transfer title to the Vessel(s) to us or our designee, free and clear of all liens, for total consideration of $1.00 per Vessel, which you agree is a fair and reasonable determination of the Vessel's value absent your right to use it in the operation of a Cruisin' Tikis Business;

(2) you will immediately pay all amounts owed to us, our affiliates, and third-party vendors to your Business through the date of expiration or termination;

(3) you must immediately stop operating your Vessels and selling any products and services of any kind and in any manner from the Vessels and/or using the Marks;

(4) you may not directly or indirectly at any time or in any manner (except with other Cruisin' Tikis Vessels you own and operate under other franchise agreements) identify yourself as one of our current or former franchise owners; use any Mark, any colorable imitation of a Mark, or other indicia of a Cruisin' Tikis Business or a Cruisin' Tikis Vessel in any manner or for any purpose; or use for any purpose any trade name, trade or service mark, trade dress, or other commercial symbol that indicates or suggests a connection or association with us;

(5) you must take action to cancel all fictitious or assumed name or equivalent registrations relating to your use of any Mark;

(6) you must deliver to us or destroy (as we require), at your expense and within 30 days, all materials containing any Mark or otherwise identifying or relating to a Cruisin' Tikis Business, including copies of all Confidential Information, and allow us, without liability to you or third parties, to remove these items from your possession;

(7) you and your owners must continue to refrain from disclosing or using any Confidential Information and must promptly return to us at your expense all Confidential Information, including without limitation, the Manual, any item bearing the Marks, and any other copyrighted or proprietary materials or software relating to the System in your possession, custody, or control;

(8) you must comply with your obligations with respect to the Contact Identifiers as described in Section 5.L;

(9) you must comply with all other System Standards we establish from time to time (and all applicable laws) in connection with the closure and de-identification of your

business, including as it relates to Personal Information, in any form, in your possession or the possession of any of your owners or employees;

(10) if applicable, you must immediately cease using and, at our discretion, either disable or instruct the registrar of any Contact Identifier or Online Presence to transfer exclusive control of and access to such Contact Identifier or Online Presence to us (or our designee), as we determine in our sole discretion;

(11) you, your Affiliates, your or their direct or indirect owners or Affiliates, and the officers, directors, managers, or immediate family members of any of the foregoing, must not interfere or attempt to interfere with our or our affiliates' relationships with any Vendors, consultants, or franchisees; and

(12) during the two (2) years beginning on the effective date of termination or expiration of this Agreement or the Transfer of ownership interests, or the date on which all persons restricted by subparagraph (12) begin to comply with their obligations, whichever is later, neither you, your Affiliates, nor any of your or their owners (or their spouses) or their Affiliates will have any direct or indirect interest as an owner (whether of record, beneficially, or otherwise), investor, partner, director, officer, employee, consultant, lessor, representative, or agent in any Competitive Business located or operating:

(a) within the Designated Territory;

(b) within a 30-mile radius of the Designated Territory; or

(c) within a 30-mile radius of any other Cruisin' Tikis Vessel's designated territory then open and operating or under construction.

In addition, you may not, during this period, lease, directly or indirectly, any real estate or dock space in which you or your owners have any ownership interest to a Competitive Business. If any person restricted by this subparagraph (12) refuses voluntarily to comply with these obligations, the two (2) year period for that person will commence with the entry of a court order enforcing this provision. You and your owners expressly acknowledge that you possess skills and abilities of a general nature and have other opportunities for exploiting these skills. Consequently, our enforcing the covenants in this subparagraph (12) will not deprive you of your personal goodwill or ability to earn a living.

You must give us evidence satisfactory to us of your compliance with these obligations within 30 days after the expiration or termination of this Agreement. You must reimburse us for all costs and expenses we incur in correcting your failure to comply.

If we terminate your right to operate one or more of your Vessels, without terminating this Agreement, you must immediately comply with all obligations described above as it relates to that specific Vessel(s), including by ceasing operations of such Vessel(s) and de-imaging such Vessel(s), or otherwise complying with our instructions.

B. TRANSFER OF TITLE AND OUR RIGHT TO PURCHASE YOUR OTHER ASSETS. In addition to transferring title to your Vessel(s) as described above, we reserve the right to purchase all the remaining assets comprising your Business, including your other Operating Assets, the Possession Agreement, and other agreements related to the Dock (the "**Remaining Assets**"). We may exercise this right by giving you written notice of our election to purchase such assets by not later than 30 days after the expiration or termination of the Agreement. We have the unrestricted right to assign this purchase option in our discretion.

The purchase price for the Remaining Assets will be the net realizable value in accordance with the liquidation basis of accounting (not the value of your Business as a going concern) ("**Liquidation Value**"). You will have 10 days after we notify you, in writing, of our determination of the Liquidation Value within which to deliver written notice to us that you dispute our calculation of that value. On timely receipt of your notice, we will appoint an independent accredited valuation expert ("**Accredited Valuation Expert**") within 15 days after we receive the financial and other information necessary to calculate the purchase price, and the Accredited Valuation Expert will calculate the Liquidation Value applying the criteria specified above. You and we will share equally the Accredited Valuation Expert's fees and expenses. The Accredited Valuation Expert must complete its calculation within 30 days after its appointment.

Closing of the purchase of assets will take place on a date we select which is within 90 days after the purchase price is determined as described in the preceding paragraph. Prior to closing, you agree to cooperate with us in conducting due diligence, including providing us with access to your business and financial records, relevant contracts, and all other information relevant to your business. At the closing, we (or our assignee) will pay the purchase price in cash. You agree to execute and deliver to us (or our assignee) all documents customarily required to evidence a purchase and sale of a business, each containing customary representations as to title, authority, releases, non-competition, and that the assets are free and clear of liens. In addition, you and we will execute an agreement, in form and substance satisfactory to us, voluntarily terminating this Agreement under which you and your owners agree to comply with all post-Term obligations set forth in Section 15.A and with all other obligations which, either expressly or by their nature, are intended to survive termination or expiration of this Agreement.

C. OUR REMEDIES; LIQUIDATED DAMAGES. If this Agreement is terminated because of your default, you and we agree that it would be difficult if not impossible to determine the amount of damages that we would suffer due to the loss or interruption of the revenue stream we otherwise would have derived from your continued payment of Royalty fees and that the Brand Promotion Fund would have otherwise derived from your continued contributions to those funds, less any cost savings, through the remainder of the Term (the "**Damages**"). You and we agree that a reasonable estimate of those damages is, and you agree to pay us compensation for the Damages, an amount equal to the then net present value of the Royalty fees and Brand Promotion Fund contributions that would have become due had the Agreement not been terminated, from the date of termination to the scheduled expiration date of this Agreement. For this purpose, amounts that are based on the Gross Sales shall be calculated based on your Gross Sales for the 12 months preceding the effective date of termination. If your Business has not been in operation for at least 12 months preceding the termination date, Damages will be calculated based on the average monthly gross sales of all Cruisin' Tikis businesses during our fiscal year immediately preceding the termination date. You and we agree that the calculation described in this Section is a

calculation only of the Damages and that nothing herein shall preclude or limit us from proving and recovering any other damages caused by your breach of the Agreement.

D. CONTINUING OBLIGATIONS. All of your (and your owners') obligations which expressly or by their nature survive this Agreement's expiration or termination will continue in full force and effect notwithstanding its expiration or termination and until they are satisfied in full or by their nature expire, including obligations described in Section 5.O (Information Security), Section 9 (Confidential Information); Section 5.N (Non-Disparagement); Section 12B (Non-Interference); Section 15 (Consequences of Termination or Expiration of this Agreement); Section 16 (Relationship of the Parties/Indemnification); Section 17 (Security Interest); and Section 18 (Enforcement).

16. RELATIONSHIP OF THE PARTIES; INDEMNIFICATION

A. INDEPENDENT CONTRACTORS. This Agreement does not create a fiduciary relationship between you and us. You and we are and will be independent contractors, and not a general or special agent, joint venturer, partner, or employee of the other for any purpose. You must not engage in any activity that would indicate the contrary to third parties. We and you may not make any express or implied agreements, warranties, guarantees, or representations, or incur any debt, in the name or on behalf of the other or represent that our respective relationship is other than franchisor and franchise owner. We will not be obligated for any damages to any person or property directly or indirectly arising out of the operation of the business you conduct under this Agreement. We will have no liability for your obligations to pay any third parties, including any product Vendors, or for any sales, use, service, occupation, excise, gross receipts, income, property, or other taxes, whether levied upon you or your activities (except for our income taxes). You are responsible for paying these taxes and must reimburse us for any such taxes that we must pay to any state taxing authority on account of your operation or payments that you make to us.

B. INDEMNIFICATION. You agree to indemnify, defend, and hold harmless us, our affiliates, and our and their respective owners, directors, managers, officers, employees, agents, successors, and assignees (the "**Indemnified Parties**") against, and to reimburse any one or more of the Indemnified Parties for, all claims, obligations, and damages directly or indirectly arising out of the operation of your Business, the business you conduct under this Agreement, or your breach of this Agreement, including, those alleged to be caused by the Indemnified Party's negligence, unless (and then only to the extent that) the claims, obligations, or damages are determined to be caused solely by the Indemnified Party's intentional misconduct in a final, unappealable ruling issued by a court with competent jurisdiction. For purposes of this indemnification, "**claims**" include all obligations, damages (actual, consequential, or otherwise), and costs that any Indemnified Party reasonably incurs in defending any claim against it, including, reasonable accountants', arbitrators', attorneys', and expert witness fees, costs of investigation and proof of facts, court costs, travel and living expenses, and other expenses of litigation or alternative dispute resolution, regardless of whether litigation or alternative dispute resolution is commenced. You agree that with respect to any threatened or actual litigation, proceeding or dispute which could directly or indirectly affect any of the Indemnified Parties, the Indemnified Parties shall have the right, but not the obligation to: (i) choose counsel; (ii) direct, manage and/or control the handling of the matter; (iii) settle on behalf of the Indemnified Parties, and/or you, any claim against the Indemnified Parties in their sole discretion; and (iv) take any other remedial, corrective,

or other actions in response to such claims. This indemnity will continue in full force and effect subsequent to and notwithstanding this Agreement's expiration or termination. An Indemnified Party need not seek recovery from any insurer or other third party, or otherwise mitigate its losses and expenses, in order to maintain and recover fully a claim against you under this subparagraph. You agree that a failure to pursue a recovery or mitigate a loss will not reduce or alter the amounts that an Indemnified Party may recover from you under this subparagraph. All vouchers, canceled checks, receipts, receipted bills or other evidence of payments for any such losses, liabilities, costs, damages, charges or expenses of whatever nature incurred by the Indemnified Parties shall be taken as prima facie evidence of your obligation hereunder.

17. SECURITY INTEREST

As security for the performance of your obligations under this Agreement, including payments owed to us for purchases and fees owed by you, you hereby grant us a security interest in all of the Operating Assets (including your Vessel(s)) and all other assets of your Business, including inventory, accounts, supplies, contracts, and proceeds and products of all those assets. You agree to execute such other documents as we may reasonably request in order to further document, perfect and record our security interest. We have all of the rights of a secured creditor granted by law. We may make such filings in the records of any county and state that we deem appropriate to protect our interests.

18. ENFORCEMENT

A. SEVERABILITY AND SUBSTITUTION OF VALID PROVISIONS. The provisions of this Agreement are severable, and no provision's validity will be affected by any other provision's invalidity under any applicable present or future law or regulation or in a final, unappealable ruling issued by any court, agency, or tribunal with competent jurisdiction. If any provision restricting competitive activity is deemed unenforceable because of its breadth but would be enforceable if modified, the provision will be enforced to the fullest extent permissible under the laws and public policies applied in the jurisdiction whose law determines the covenant's validity.

B. WAIVER OF OBLIGATIONS. You and we may unilaterally waive or reduce any obligation of or restriction upon the other. Any waiver must be in writing, will be without prejudice to any other rights, will be subject to continuing review, and may be revoked at any time and for any reason on 10 days' prior written notice. None of the following will, in itself, be considered a waiver: (1) any custom or practice at variance with this Agreement's terms; (2) failure, refusal, or neglect to exercise any right under this Agreement or to insist upon the other's compliance with this Agreement; (3) waiver of or failure to exercise any right, power, or option, whether of the same, similar, or different nature, with other Cruisin' Tikis franchisees; (4) the existence of franchise agreements for other Cruisin' Tikis Vessels which contain provisions different from those contained in this Agreement; or (5) our acceptance of any payments due from you after any breach of this Agreement. No special or restrictive legend or endorsement on any check or similar item given to us will be a waiver, compromise, settlement, or accord and satisfaction. We are authorized to remove any legend or endorsement, which then will have no effect.

C. COSTS AND ATTORNEYS' FEES. If we incur costs and expenses due to your failure to comply with this Agreement, whether or not in connection with a formal legal proceeding, you must reimburse us for all of the costs and expenses that we incur including reasonable accounting, attorneys', arbitrators', and related fees. If either party initiates an arbitration, judicial, or other proceeding, the prevailing party will be entitled to reasonable costs and expenses (including attorneys' fees incurred in connection with such proceeding).

D. YOU MAY NOT WITHHOLD PAYMENTS DUE TO US. You waive any right you may have at law or in equity to offset any funds you may owe us or to fail or refuse to perform any of your obligations under this Agreement.

E. RIGHTS OF PARTIES ARE CUMULATIVE. Rights under this Agreement are cumulative, and our or your exercise or enforcement of any right or remedy under this Agreement will not preclude our or your exercise or enforcement of any other right or remedy which we or you are entitled by law to enforce.

F. ARBITRATION. All controversies, disputes, or claims between us or our affiliates, or our or their respective shareholders, officers, directors, agents, or employees, on the one hand, and you (or your owners, guarantors, Affiliates, or employees), on the other hand, arising out of or related to: (1) this Agreement or any other agreement between you (or any of your owners) and us (or any of our affiliates); (2) our relationship with you; (3) the scope or validity of this Agreement or any other agreement between you (or any of your owners) and us (or any of our affiliates) or any provision of any of such agreements (including the validity and scope of the arbitration provision under this Section 18.F, which we and you acknowledge is to be determined by an arbitrator, not a court); or (4) any System Standard, must be submitted for binding arbitration, on demand of either party, to the American Arbitration Association ("**AAA**"). The arbitration proceedings will be conducted by one arbitrator and, except as this Section otherwise provides, according to the AAA's then-current Commercial Arbitration Rules. All proceedings will be conducted at a suitable location chosen by the arbitrator that is within 50 miles of our, or, as applicable, our successor's or assign's, then-current principal place of business (currently, Broward County, Florida). All matters relating to arbitration will be governed by the Federal Arbitration Act (9 U.S.C. §§ 1 *et seq*.). The interim and final awards of the arbitrator shall be final and binding upon each party, and judgment upon the arbitrator's awards may be entered in any court of competent jurisdiction.

The arbitrator has the right to award or include in his or her awards any relief which he or she deems proper, including money damages, pre- and post-award interest, interim costs and attorneys' fees, specific performance and injunctive relief, provided that the arbitrator may not declare any of the trademarks owned by us or our affiliates generic or otherwise invalid or award any punitive or exemplary damages against any party to the arbitration proceeding (we and you hereby waiving to the fullest extent permitted by law any such right to or claim for any punitive or exemplary damages against any party to the arbitration proceeding). In any arbitration brought pursuant to this arbitration provision, and in any action in which a party seeks to enforce compliance with this arbitration provision, the prevailing party shall be awarded its costs and expenses, including attorneys' fees, incurred in connection therewith.

In any arbitration proceeding, each party must submit or file any claim which would constitute a compulsory counterclaim (as defined by Rule 13 of the Federal Rules of Civil Procedure) within the same proceeding. Any claim which is not submitted or filed as required will be forever barred. The arbitrator may not consider any settlement discussions or offers that might have been made by either you or us.

Arbitration will be conducted on an individual basis, and an arbitration proceeding under this Section may not be: (i) conducted on a class-wide basis; (ii) commenced, conducted or consolidated with any other arbitration proceeding; (iii) joined with any separate claim of an unaffiliated third-party, or (iv) brought on your behalf by any association or agency. Notwithstanding the foregoing, if any court or arbitrator determines that all or any part of the preceding sentence is unenforceable with respect to a dispute, controversy or claim that otherwise would be subject to arbitration under this Section, then all parties agree that this arbitration clause shall not apply to that dispute, controversy or claim and that such dispute, controversy or claim shall be resolved in a judicial proceeding in accordance with the dispute resolution provisions of the Agreement.

In any arbitration arising as described in this Section, the arbitrator shall have full authority to manage any necessary exchange of information among the parties with a view of achieving any efficient and economical resolution of the dispute. The parties may only serve reasonable requests for documents, which must be limited to documents upon which a party intends to rely or documents that are directly relevant and material to a significant disputed issue in the case or to the case's outcome. The document requests shall be restricted in terms of time frame, subject matter and persons or entities to which the requests pertain and shall not include broad phraseology such as "all documents directly or indirectly related to." No interrogatories or requests to admit shall be propounded, unless the parties later mutually agree to their use.

The provisions of this Section are intended to benefit and bind certain third-party non-signatories and will continue in full force and effect subsequent to and notwithstanding the expiration or termination of the Agreements. Any provisions of this Agreement below that pertain to judicial proceedings shall be subject to the agreement to arbitrate contained in this Section.

G. GOVERNING LAW. Except to the extent governed by the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. § 1051 et seq.), or other United States federal law, this Agreement, the Franchise, and all claims arising from the relationship between us and you will be governed by the laws of the State of Florida without regard to its conflict of laws rules, except that any law regulating the offer or sale of franchises or governing the relationship of a franchisor and its franchisee (including the Florida Franchise Act) will not apply unless its jurisdictional requirements are met independently without reference to this Section. If any of the provisions of this Agreement which relate to restrictions on you and your owners' competitive activities is found unenforceable under Florida law, the enforceability of those provisions will be governed by the laws of the state in which your Business is located.

H. CONSENT TO JURISDICTION. Subject to the obligation to arbitrate under Section 18.F above and the provisions below, you and your owners agree that all actions arising under this Agreement or otherwise as a result of the relationship between you and us must be commenced in a court in or nearest to our, or, as applicable, our successor's or assign's, then-current principal place of business (currently, Broward County, Florida), and you (and each owner)

irrevocably submit to the jurisdiction of that court and waive any objection you (or each owner) might have to either the jurisdiction of or venue in such courts. Nonetheless, you and our owners agree that we may enforce this Agreement and any arbitration orders and awards in the courts of the state or states in which you are domiciled or your Business is located.

I. WAIVER OF PUNITIVE DAMAGES, JURY TRIAL AND CLASS ACTION. Except for your obligations to indemnify us for third party claims under Section 16.B, we and you (and your owners) waive to the fullest extent permitted by law any right to or claim for any punitive or exemplary damages against the other and agree that, in the event of a dispute between us and you, the party making a claim will be limited to equitable relief and to recovery of any actual damages it sustains.

We and you irrevocably waive trial by jury in any action or proceeding brought by either of us and agree that any proceeding arising out of this Agreement or your Business or Vessels will be conducted on an individual basis and may not be: (i) conducted on a class-wide basis, (ii) commenced, conducted or consolidated with any other proceeding, (iii) joined with any controversy, dispute or claim of an unaffiliated third-party, or (iv) brought on your behalf by any association or agent.

J. INJUNCTIVE RELIEF. Nothing in this Agreement bars our right to obtain specific performance of the provisions of this Agreement and injunctive relief against any threatened or actual conduct that will cause us, the Marks, or the System loss or damage, under customary equity rules, including applicable rules for obtaining restraining orders and temporary or preliminary injunctions (subject to our obligation to arbitrate the underlying claim if required by Section 18.F). You agree that we may seek such relief from any court of competent jurisdiction in addition to such further or other relief as may be available to us at law or in equity. You agree that we will not be required to post a bond to obtain injunctive relief and that your only remedy if an injunction is entered against you will be the dissolution of that injunction, if warranted, upon due hearing, and you hereby expressly waive any claim for damages caused by such injunction.

K. LIMITATIONS OF CLAIMS. You and your owners agree not to bring any claim asserting that any of the Marks are generic or otherwise invalid. Except with regard to your obligation to pay us and our affiliates amounts due under to this Agreement or otherwise, any claims between us and you must be commenced in accordance with this Agreement within one (1) year from the date on which the party asserting the claim knew or should have known of the facts giving rise to the claim, or such claim shall be barred. Such time limit might be shorter than otherwise allowed by law. Your and your owners' sole recourse for claims arising between the parties shall be against us or our successors and assigns. Our and our affiliates' owners, managers, directors, officers, employees, and agents shall not be personally liable nor named as a party in any action between us or our affiliates and you or your owners. No previous course of dealing shall be admissible to explain, modify, or contradict the terms of this Agreement. No implied covenant of good faith and fair dealing shall be used to alter the express terms of this Agreement.

19. MISCELLANEOUS

A. BINDING EFFECT. This Agreement is binding on us and you and our and your respective executors, administrators, heirs, beneficiaries, permitted assigns, and successors in

interest. Subject to our right to modify the Manual and System Standards, this Agreement may not be modified except by a written agreement signed by our and your duly-authorized officers.

B. THE EXERCISE OF OUR JUDGMENT. We have the right to operate, develop, and change the System in any manner that is not specifically prohibited by this Agreement. Whenever we have reserved in this Agreement a right to take or to withhold an action, to grant or decline to grant you a right to take or withhold an action, or to provide or withhold approval or consent, we may, except as otherwise specifically provided in this Agreement, make our decision or exercise our rights based on information readily available to us and on our judgment of what is in our or the System's best interests. You agree that whenever this Agreement allows or requires us to take actions or make decisions, we may do so in our sole and unfettered discretion, even if you believe our action or decision is unreasonable, unless the Agreement express and specifically requires that we act reasonably or refrain from acting unreasonably in connection with the particular action or decision.

C. CONSTRUCTION. The headings used in this Agreement are for convenience only and do not define, limit, or construe the contents of the sections or paragraphs. The preambles and exhibits are a part of this Agreement which, together with the System Standards (which may be periodically modified, as provided above), constitutes the entire agreement. Any policies that we adopt and implement from time to time to guide us in our decision-making are subject to change, are not a part of this Agreement, and are not binding on us. Except as provided in Section 16.B (Indemnification), nothing in this Agreement is intended or deemed to confer any rights or remedies upon any person or legal entity not a party to this Agreement. Nothing in this or in any related agreement, however, is intended to disclaim the representations we made in the Franchise Disclosure Document that we furnish to you.

If two or more persons are at any time the owners of the Franchise and your Business, whether as partners or joint venturers, their obligations, and liabilities to us will be joint and several. As used in this Agreement, an "**Affiliate**" is a person or other legal entity in which you or your owners (i) own more than 51% of the issued and outstanding ownership interest and voting rights or (ii) have the right and power to control and determine the Affiliate's management and policies. References to "**owner**" mean any person holding a direct or indirect ownership interest (whether of record, beneficially, or otherwise) or voting rights in you (or a transferee of this Agreement and your Business or an ownership interest in you), including any person who has a direct or indirect interest in you (or a transferee), this Agreement, the Franchise, or your Business and any person who has any other legal or equitable interest, or the power to vest in himself or herself any legal or equitable interest in your revenue, profits, rights, or assets. References to **"control**" or "**controlling interest**" means the right to control the management or to decide the vote on issues involving the activities of the applicable Person. "**Person**" means any natural person, corporation, limited liability company, general or limited partnership, unincorporated association, cooperative, or other legal or functional entity. Unless otherwise specified, all references to a number of days shall mean calendar days and not business days. "**Including**" means "including, without limitation" unless otherwise noted.

D. LAWFUL ATTORNEY. If you do not execute and deliver any documents or other assurances that you are required under this Agreement to execute and deliver, or if we take over the management or operation of your Business as permitted under this Agreement, you hereby

irrevocably appoint us as your lawful attorney, with full power and authority, to execute and deliver in your name any such documents and assurances, and to manage or operate the Business on your behalf, and to do all other acts and things we determine necessary to exercise our rights under this Agreement. You also hereby appoint us as your attorney-in-fact to receive and inspect your confidential sales and other tax records and hereby authorize all tax authorities to provide such information to us for all tax periods during the Term.

E. NOTICES AND PAYMENTS. All written notices, reports, and payments permitted or required to be delivered by this Agreement or the Manual will be deemed to be delivered on the earlier of the date of actual delivery or one of the following: (1) at the time delivered via computer transmission and, in the case of the Royalty, Brand Promotion Fund contributions, and other amounts due, at the time we actually receive payment; (2) one (1) business day after transmission by electronic system if the sender has confirmation of successful transmission; (3) one (1) business day after being placed in the hands of a nationally recognized commercial courier service for next business day delivery; or (4) three (3) business days after placement in the United States Mail by Registered or Certified Mail, Return Receipt Requested, postage prepaid. Unless a party notifies the other of alternative contact information, all notices will be sent to the addresses shown on the first page hereof.

F. NO WAIVER. The following provision applies if you or the franchise granted hereby are subject to the franchise registration or disclosure laws in California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, or Wisconsin: No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

G. EXECUTION. This Agreement may be executed in counterparts which together shall constitute one and the same Agreement. This Agreement and all other documents related to this Agreement may be executed by manual or electronic signature. Either party may rely on the receipt of a document executed or delivered electronically, as if an original had been received.

H. PROHIBITED PARTIES.

You acknowledge that we, our employees, and our agents are subject to U.S. laws that prohibit or restrict (a) transactions with certain parties, and (b) the conduct of transactions involving certain foreign parties. These laws include, without limitation, U.S. Executive Order 13224, the U.S. Foreign Corrupt Practices Act, the Bank Secrecy Act, the International Money Laundering Abatement and Anti-terrorism Financing Act, the Export Administration Act, the Arms Export Control Act, the U.S. Patriot Act, and the International Economic Emergency Powers Act, and the regulations issued pursuant to these and other U.S. laws. As part of the express consideration for the purchase of the Franchise, you represent and warrant to us that neither you nor any of your employees, agents, or representatives, nor any other person associated with you, is now, or has been listed on:

1. the U.S. Treasury Department's List of Specially Designated Nationals;

2. the U.S. Commerce Department's Denied Persons List, Unverified List, Entity List, or General Orders;

3. the U.S. State Department's Debarred List or Nonproliferation Sanctions; or

4. the Annex to U.S. Executive Order 13224.

You further represent and warrant that neither you nor any of your employees, agents, or representatives, nor any other person associated with you, is now, or has been: (i) a person who assists, sponsors, or supports terrorists or acts of terrorism; or (ii) is owned or controlled by terrorists or sponsors of terrorism. You warrant that you are now, and have been, in compliance with U.S. anti-money laundering and counter-terrorism financing laws and regulations, and that any funds provided by you to us were legally obtained in compliance with these laws.

You further covenant that neither you nor any of your employees, agents, or representatives, nor any other person associated with you, will, during the term of the Franchise Agreement, become a person described above or otherwise become a target of any anti-terrorism law.

[*Signature page follows*]

IN WITNESS WHEREOF, the parties have executed and delivered this Agreement on the dates noted below, to be effective as of the Effective Date.

CRUISIN' TIKIS INTERNATIONAL, INC.

By:_____
Name:_____
Title:_____
Date*:_____
(*This is the Effective Date)

FRANCHISEE:

_____

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

EXHIBIT A
TO FRANCHISE AGREEMENT

INFORMATION ABOUT YOU AND THE DESIGNATED TERRITORY

Form of Owner. If you are not an individual, you were formed on_____, under the laws of the State of _____. You have not conducted business under any name other than your corporate, limited liability company, or partnership name.

Owners. The following identifies the owner that you have designated as, and that we approve to be, the Managing Owner and lists the full name of each person who is one of your owners (as defined in the Franchise Agreement), or an owner of one of your owners, and fully describes the nature of each owner's interest (attach additional pages if necessary).

	Owner's Name	**Type / %-age of Interest**
Managing Owner:	_____	_____ %
Other owners:	_____	_____ %
	_____	_____ %
	_____	_____ %

☐ Check if participating in Veterans and First Responder Incentive Program

You have represented to us (and have provided us with documentation establishing) that you or your Managing Owner is an honorably discharged member of the US armed forces, or a federal or state law enforcement officer or firefighter. Based on those representations and documentation, we have approved your participation in our Veterans and First Responder Incentive Program and, therefore, your Initial Franchisee Fee is reduced to $18,000. However, we reserve the right to revoke your participation in this program if, at any time, you cease to be in good standing, in which case, you will pay us the balance of the full initial franchise fee which, absent the foregoing reduction, is required under the Franchise Agreement. "**Good Standing**" means that you are in compliance with all material obligations under the Franchise Agreement, and you and your affiliates are in compliance with all material obligations under any other agreements between us and you or them. You agree that we will have sole discretion to determine whether particular obligations are "material" for purposes of determining good standing, and our decision will be final.

Designated Territory: see Attachment to Exhibit A

Activation Schedule (Section 2.C):

Period	Number of New Vessels to be Placed in Service by the End of Period	Cumulative Number of Vessels to be Operating in the Designated Territory at the End of Period

ATTACHMENT TO EXHIBIT A TO FRANCHISE AGREEMENT

DESIGNATED TERRITORY

Designated Territory: The Designated Territory shall be defined as described below on the attached map:

[*attach map*]

EXHIBIT B
TO FRANCHISE AGREEMENT

GUARANTY AND ASSUMPTION OF OBLIGATIONS

THIS GUARANTY AND ASSUMPTION OF OBLIGATIONS is given this _____ day of _____, 20 __, by _____.

In consideration of, and as an inducement to, the execution of that certain Franchise Agreement (as amended, modified, restated or supplemented from time to time, the "Agreement") on this date by Cruisin' Tikis International, Inc. ("us," "we," or "our"), each of the undersigned personally and unconditionally (a) guarantees to us and our successors and assigns, for the Term of the Agreement and afterward as provided in the Agreement, that _____ ("Franchise Owner") will punctually pay and perform each and every undertaking, agreement, and covenant set forth in the Agreement and (b) agrees to be personally bound by, and personally liable for the breach of, each and every provision in the Agreement, both monetary obligations and obligations to take or refrain from taking specific actions or to engage or refrain from engaging in specific activities, including the non-competition, confidentiality, and transfer requirements.

Each of the undersigned consents and agrees that: (1) his or her direct and immediate liability under this Guaranty will be joint and several, both with Franchise Owner and among other guarantors; (2) he or she will render any payment or performance required under the Agreement upon demand if Franchise Owner fails or refuses punctually to do so; (3) this liability will not be contingent or conditioned upon our pursuit of any remedies against Franchise Owner or any other person; (4) this liability will not be diminished, relieved, or otherwise affected by any extension of time, credit, or other indulgence which we may from time to time grant to Franchise Owner or to any other person, including, without limitation, the acceptance of any partial payment or performance or the compromise or release of any claims, none of which will in any way modify or amend this Guaranty, which will be continuing and irrevocable during the Term of the Agreement; and (5) at our request, the undersigned will provide updated financial information to us as may be reasonably necessary to demonstrate his or her ability to satisfy the obligations of the Franchise Owners under the Agreement.

Each of the undersigned waives: (i) all rights to payments and claims for reimbursement or subrogation which any of the undersigned may have against Franchise Owner arising as a result of the undersigned's execution of and performance under this Guaranty; and (ii) acceptance and notice of acceptance by us of his or her undertakings under this Guaranty, notice of demand for payment of any indebtedness or non-performance of any obligations hereby guaranteed, protest and notice of default to any party with respect to the indebtedness or nonperformance of any obligations hereby guaranteed, and any other notices to which he or she may be entitled.

Each Guarantor that is a business entity, retirement or investment account, or trust acknowledges and agrees that if Franchise Owner (or any of its affiliates) is delinquent in payment of any amounts guaranteed hereunder, that no dividends or distributions may be made by such Guarantor (or on such Guarantor's account) to its owners, accountholders or beneficiaries or otherwise, for so long as such delinquency exists, subject to applicable law.

Guarantor agrees to be personally bound by the dispute resolution provisions contained in Article 18 of the Agreement, including, without limitation, the obligation to submit to binding arbitration the claims described in Section 18.F of the Agreement in accordance with its terms.

If we are required to engage legal counsel in connection with any failure by the undersigned to comply with this Guaranty, the undersigned shall reimburse us for any of the above-listed costs and expenses we incur.

By signing below, the undersigned spouse of the Guarantor indicated below, acknowledges and consents to the Guaranty given herein by his/her spouse. Each of the undersigned represents and warrants that, if no signature appears below for such undersigned's spouse, such undersigned is either not married or, if married, is a resident of a state which does not require the consent of both spouses to encumber the assets of a marital estate.

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

GUARANTORS:

GUARANTOR(S)	**SPOUSE(S)**
#1: _____	**#1:** _____
Sign: _____	Sign: _____
#2: _____	**#2:** _____
Sign: _____	Sign: _____
#3: _____	**#3:** _____
Sign: _____	Sign: _____

EXHIBIT C
TO FRANCHISE AGREEMENT

CRUISIN' TIKIS INTERNATIONAL, INC.
REPRESENTATIONS AND ACKNOWLEDGMENT STATEMENT

DO NOT SIGN THIS STATEMENT IF YOU ARE A RESIDENT OF, OR IF YOUR CRUISIN' TIKIS VESSEL WILL OPERATE IN OR WILL BE SUBJECT TO FRANCHISE REGISTRATION LAWS OF, CALIFORNIA, HAWAII, ILLINOIS, INDIANA, MARYLAND, MICHIGAN, MINNESOTA, NEW YORK, NORTH DAKOTA, RHODE ISLAND, SOUTH DAKOTA, VIRGINIA, WASHINGTON, OR WISCONSIN.

The purpose of this Statement is to demonstrate to **CRUISIN' TIKIS INTERNATIONAL, INC.** ("Franchisor") that each person signing below ("I," "me" or "my"), whether acting individually or on behalf of any legal entity established to acquire the franchise rights, (a) fully understands that the purchase of a franchise is a significant long-term commitment, complete with its associated risks, and (b) is not relying on any statements, representations, promises or assurances that are not specifically set forth in Franchisor's Franchise Disclosure Document and Exhibits (collectively, the "FDD") in deciding to purchase the franchise.

In that regard, I represent to Franchisor and acknowledge that:

I understand that buying a franchise is not a guarantee of success. Purchasing or establishing any business is risky, and the success or failure of the franchise is subject to many variables over which Franchisor has no control such as my skills and abilities (and those of my partners, officers, employees), the time my associates and I devote to the business, competition, interest rates, the economy, inflation, operation costs, location, lease terms, the market place generally and other economic and business factors. I am aware of and am willing to undertake these business risks. I understand that the success or failure of my business will depend primarily upon my efforts and not those of Franchisor.	INITIAL:
I received a copy of the FDD, including the Franchise Agreement, at least 14 calendar days before I executed the Franchise Agreement. I understand that all of my rights and responsibilities and those of Franchisor in connection with the franchise are set forth in these documents and only in these documents. I acknowledge that I have had the opportunity to personally and carefully review these documents and have, in fact, done so. I have been advised to have professionals (such as lawyers and accountants) review the documents for me and to have them help me understand these documents. I have also been advised to consult with other franchisees regarding the risks associated with the purchase of the franchise.	INITIAL:

Neither the Franchisor nor any of its officers, employees or agents (including any franchise broker) has made a statement, promise or assurance to me concerning any matter related to the franchise (including those regarding advertising, marketing, training, support service or assistance provided by Franchisor) that is contrary to, or different from, the information contained in the FDD.	INITIAL:
My decision to purchase the franchise has not been influenced by any oral representations, assurances, warranties, guarantees or promises whatsoever made by the Franchisor or any of its officers, employees or agents (including any franchise broker), including as to the likelihood of success of the franchise.	INITIAL:
I have made my own independent determination as to whether I have the capital necessary to fund the business and my living expenses, particularly during the start-up phase.	INITIAL:

SPECIAL REPRESENTATION REGARDING RECEIPT OF FINANCIAL INFORMATION

PLEASE READ THE FOLLOWING QUESTION CAREFULLY. THEN SELECT YES OR NO AND PLACE YOUR INITIALS WHERE INDICATED.

Have you received any information from the Franchisor or any of its officers, employees or agents (including any franchise broker) concerning actual, average, projected or forecasted sales, revenues, income, profits or earnings of the franchise business (including any statement, promise or assurance concerning the likelihood of success)?

☐ Yes ☐ No (INITIAL HERE: _____)

If you selected "Yes," please describe the information you received on the lines below:

_____.

_____.

Prohibited Parties Clause. I acknowledge that Franchisor, its employees and its agents are subject to U.S. laws that prohibit or restrict (a) transactions with certain parties, and (b) the conduct of transactions involving certain foreign parties. These laws include, without limitation, U.S. Executive Order 13224, the U.S. Foreign Corrupt Practices Act, the Bank Secrecy Act, the International Money Laundering Abatement and Anti-terrorism Financing Act, the Export Administration Act, the Arms Export Control Act, the U.S. Patriot Act, and the International Economic Emergency Powers Act, and the regulations issued pursuant to these and other U.S. laws. As part of the express consideration for the purchase of the franchise, I represent that neither I nor any of my employees, agents, or representatives, nor any other person or entity associated with me, is now, or has been listed on:

1. the U.S. Treasury Department's List of Specially Designated Nationals;

2. the U.S. Commerce Department's Denied Persons List, Unverified List, Entity List, or General Orders;

3. the U.S. State Department's Debarred List or Nonproliferation Sanctions; or

4. the Annex to U.S. Executive Order 13224.

I warrant that neither I nor any of my employees, agents, or representatives, nor any other person or entity associated with me, is now, or has been: (i) a person or entity who assists, sponsors, or supports terrorists or acts of terrorism; or (ii) is owned or controlled by terrorists or sponsors of terrorism. I warrant that I am now, and have been, in compliance with U.S. anti-money laundering and counter-terrorism financing laws and regulations, and that any funds provided by me to Franchisor were legally obtained in compliance with these laws.

I further covenant that neither I nor any of my employees, agents, or representatives, nor any other person or entity associated with me, will, during the term of the Franchise Agreement become a person or entity described above or otherwise become a target of any anti-terrorism law.

[*Signature page follows*]

Sign: _____
Name: _____
Capacity: Individually, and for and on behalf of
[Franchisee Name]

Sign: _____
Name: _____
Capacity: Individually, and for and on behalf of
[Franchisee Name]

Sign: _____
Name: _____
Capacity: Individually, and for and on behalf of
[Franchisee Name]

EXHIBIT C

VESSEL PURCHASE AGREEMENT

CONTRACT FOR THE MANUFACTURE
AND SALE OF CRUISIN' TIKI® VESSEL FOR COMMERCIAL PURPOSES

This contract for the manufacture and sales of Cruisin' Tiki® branded vessels (this "Agreement") is made on this _____ day of _____, 20___.

BETWEEN: **Cruisin' Tiki Builders, LLC** (the "Seller"), a limited liability company organized and existing under the laws of the State of Florida, with its main office located at: 635 NW 4th Avenue, Fort Lauderdale, FL 33311.

AND: _____

_____

_____ ("Buyer")

1. DESCRIPTION OF MANUFACTURE AND SALE

Seller agrees to manufacture and sell to Buyer the following upon receipt of executed Franchise Agreement for Designated Territory:

(___) Original Cruisin' Tiki(s)®, Model CT-2020B with Suzuki DF30 ATL Outboard Motor (the "Vessel") for a purchase price $56,500.00 including the basic accessories listed below excluding additional options:

- Wet bar sink with 6gal water tank
- 12 gal fuel tank
- 6 Aluminum Bamboo Chairs
- Wrap around bar shelf
- In-dash AM/FM Bluetooth Stereo w / 4 speakers
- Set of 8 Tiki Totem decorative corners
- Coast Guard Package (8 T-1 jackets, coastal alert launch kit, first aid kit, horn, paddle)
- Prop Guard (installed)
- Boarding Ladder (Installed)
- Flag Package (Butterfly flag, US flag and poles)
- Decorative Railing 36" high (Installed)

Additional Options:

_____ Ocean LED 4x Underwater blue lighting (Installed)	$1600.00*
_____ 1 Additional Aluminum Bamboo Chair	$ 295.00*
_____ GPS Tracking Device	$ 105.00*

Total purchase price including any additional options selected **$** _____*. The foregoing amount shall become due upon the execution of this agreement; however, Buyer shall make payment as provided in Section 2 hereinbelow.

(Delivery Expenses for Marina / crane charges and assembly crew will be billed separately)
Shipping costs of **$** _____ (Estimate)*

*Shipping, Sales Tax, Marina fees and certain options are not considered part of the boat price for franchise purchase.

2. PAYMENT

Buyer agrees to pay 50% of the total purchase price for the Vessel, inclusive of sales taxes, simultaneously with the execution of this Agreement and the remaining purchase price along with the shipping charges and marina fees prior to the delivery of the Vessel.

3. DELIVERY SCHEDULE

Subject to Seller's receipt of the 50% of the total purchase price of the Vessel as described in Section 2, Seller will complete such manufacturing and make arrangements for delivery of the Vessel by Common Carrier not later than _____ (insert date); provided, however, that, prior to the taking delivery of the Vessel, Buyer must have received a franchise from Seller's affiliate to use the Cruisin' Tikis® trademarks in connection with operation of the Vessel. Seller shall within five (5) days of completion of manufacture and receipt of payment, cause the Vessel, appropriately packaged and shipped to Buyer at the address indicated above, or to such other destination specified by Buyer. Seller shall pay all expenses of packaging and preparations for shipment and Buyer shall pay all costs of shipment, and marina / crane including insurance on both Seller's and Buyer's respective interests. Upon delivery, if Buyer's inspection discloses defects or adjustments, Seller shall have a reasonable time to correct such defects and make such adjustments as are necessary.

4. DELAY OR FAILURE OF PERFORMANCE

Any delay or failure of performance by either party pursuant to this Agreement shall be excused if, and to the extent, the delay or failure was caused by occurrences beyond the reasonable control of the party affected and not due to its fault or negligence, including but not limited to decrees of a governmental instrumentality, acts of God, floods, work stoppages due to labor disputes or strikes not the fault of either party, fires, explosions, epidemics, riots, war, rebellion, sabotage, non-receipt of any equipment or materials for which orders have been properly expedited, and/or delay resulting from late delivery of supplies or late performance of services to have been furnished by sub-contractors or suppliers required to be used pursuant to the Specification or at the direction of the Buyer; provided, however, that the foregoing shall not be considered a waiver of either party's obligations under this Agreement; and further provided that the party seeking relief under this Section shall be required to use reasonable diligence in seeking to overcome the obstacle, and performance shall have been resumed within a reasonable time after the obstacle has been removed; provided still further that the party seeking relief shall promptly notify the other in writing of the time of commencement and ending of any such occurrence and describe the nature of the occurrence and its anticipated effect on the performance of this Agreement.

5. DELIVERY & ACCEPTANCE

A. Delivery Procedure. After completion and correction of all noted defects (except such defects as Seller and Buyer agree are Minor Items), and payment of the sums stated in Section 2, Seller shall deliver the completed Vessel to Buyer in the water at Buyer's above-described location. Immediately before the delivery of the Vessel, Buyer must pay the remainder of the purchase price for the Vessel and the shipping cost. Upon the receipt of the total purchase price described above and the shipping cost, Seller shall provide to Buyer the following documents: (1) a Builder's Certificate (Manufacturer's Statement of Origin) so the Vessel may be registered; (2) any other forms or documents necessary to obtain registration of the Vessel within the United States.; (3) a warranty and maintenance package that shall include the manufacturers' literature collected as stated in Cruisin' Tikis franchise operations manual and/or as otherwise may have been obtained by Seller for maintenance of the Vessel, its finishes and appurtenant equipment, and any as-built drawings as may be required by the Cruisin' Tikis franchise operations manual. This sale will be closed in the office of Seller, or such other office as Seller shall designate. Buyer and

Seller will immediately upon demand exchange all instruments and monies necessary to complete the purchase in accordance with this Agreement. On delivery, the Buyer shall indicate the acceptance of the Vessel by executing the Delivery and Acceptance Certificate in the form attached hereto as Appendix "A". Buyer shall be entitled to possession on closing and execution of the Delivery and Acceptance Certificate.

B. Acceptance of Completed Work. The making of final payment shall constitute a waiver of all claims by the Buyer except those arising from (1) unsettled liens or clouds on title; (2) warranty claims under Article 6. Acceptance of final payment by Seller shall constitute a waiver of all claims of Seller except such claims as may be disclosed in writing to Buyer prior to the time of acceptance of the final payment.

6. WARRANTY AND DISCLAIMER OF ADDITIONAL WARRANTIES: LIMITATION OF REMEDIES

THERE ARE NO WARRANTIES OF MERCHANTABILITY AND NO WARRANTIES WHICH EXTEND BEYOND THE DESCRIPTION ON THE FACE OF THIS AGREEMENT.

A. Limited Warranty. Subject to full payment on completion of this Agreement or any supplement hereto, Seller warrants the work performed and all material, machinery (excluding Suzuki Outboard Motor) and equipment provided hereunder, normal deterioration and reasonable wear and tear excepted and excluding any and all Buyer-furnished equipment, to deficiencies noted and notice given to Seller within a period of three months from the date of delivery of the Vessel. The Seller will assign the applicable Suzuki Warranty and optional extended warranty, if applicable to the Buyer. Seller's sole obligation under this warranty shall be to repair or, at its option, to replace any defective material or workmanship covered by this warranty. Any such repairs or replacement shall be made by Seller at Seller's regular place of business:" if Buyer and Seller agree that replacement or repairs under warranty cannot be made conveniently to Buyer or Seller at Seller's usual place of business or by Seller's employees or sub-contractors at another location, then after such agreement, Buyer may have such repairs and/or replacements made elsewhere, and Seller shall reimburse Buyer the reasonable cost thereof, Seller's liability not to exceed Seller's cost of completing such warranty work at its usual place of business at its usual rates for labor and materials. In all such cases, Seller shall be given a reasonable opportunity to inspect the condition prior to repairs. This warranty shall terminate three months from the date of delivery, and Seller shall not be liable for any defect unless given written notice of the defect prior to such date.

B. Limitation of Remedies. Seller, its principals, agents, employees, and/or sub-contractors shall in no event be liable to Buyer or to any third party for any claims for loss or damage for any reason whatsoever, including for breach of warranty, or for negligence of any kind or strict liability in tort, for any incidental, contingent, special or consequential or commercial damages of Buyer (including loss of use and/or loss of profits and/or loss, damage or injury to any person or any other property, wreck removal, fines or damages arising out of spillage or oil or other pollutants) arising from or out of work performed and material, machinery and/or equipment provided by Seller under this Agreement and/or the use or operation of, or in any way connected with, the property on which the work was performed by Seller, from whatever cause, whether arising from negligence or breach of this Agreement, or any other person even if the possibility of such damages is or was foreseeable by the parties hereto.

C. Disclaimer of Additional Warranties. The foregoing limited warranty is in lieu of, and Seller specifically disclaims any and all other warranties, express or implied, including any

warranty as to suitability of the Vessel's design, of merchantability or of fitness for a particular purpose, usage or trade that may be intended by Buyer. The limited warranty, limitation of remedies and disclaimers of additional warranties in this Article are in lieu of and supersede any provisions in the Cruisin' Tikis franchise operations manual as to warranties, limitation of remedies and disclaimers of additional remedies.

D. Application of Limited Warranty, Limitation of Remedies and Disclaimers of Additional Warranties. The provisions of this Article apply to Work done by subcontractors as well as to work done by direct employees of the Seller. The Limited Warranty stated in Section 6A and the Limitation of Remedies stated in Section 6B and the Disclaimer of Additional Warranties stated in Section 6C have been negotiated by the parties hereto, and Seller has relied on Buyer's agreement to the Limited Warranty and the Disclaimer of Additional Warranties and Limitation of Remedies in determining its exposures to liabilities and expenses of insurance for purposes of determining the Contract Sum. Buyer understands that but for Buyer's agreement to this Limited Warranty, the Limitation of Remedies, and the Disclaimer of Additional Warranties Seller might require a higher Contract Sum for consideration for the agreed products and services." Buyer has read, understands and hereby agrees to all of the terms and conditions herein, expressly including the Disclaimer of Warranty and Limitation of Remedies.

E. Manufacturers' Warranties. All warranties on equipment obtained from vendors by Seller shall pass through to Buyer. The warranty shall be effective on the date of Substantial Completion and Vessel Delivery to the Buyer and shall extend through the full warranty period stated by the manufacturer for each individual item so covered.

7. NONDISCLOSURE OR DUPLICATION

By virtue of this Agreement, Buyer may have access to information that is confidential to Seller ("Confidential Information"). Confidential Information shall include, but not be limited to, the terms and pricing under this Agreement, the technical and other specifications for the Equipment and all information clearly identified as confidential. Confidential Information shall not include information that: (a) is or becomes a part of the public domain through no act or omission of Buyer; (b) was in the Buyer's lawful possession prior to the disclosure and had not been obtained by Buyer either directly or indirectly from the Seller; (c) is lawfully disclosed to the Buyer by a third party without restriction on disclosure; or (d) is independently developed by Buyer. Buyer agrees to hold Confidential Information in confidence during the term of this Agreement and for a period of five years after completion of this Agreement. Buyer agrees that unless required by law, it shall not make Confidential Information available in any form to any third party or to use Confidential Information for any purpose other than the implementation of this Agreement and safe operation of the subject vessel. Buyer agrees to take all reasonable steps to ensure that Confidential Information is not disclosed or distributed by its employees, representatives or agents in violation of the terms of this Agreement. Buyer also agrees that the design, engineering and construction of the subject vessel is the exclusive property of the Seller and Buyer will not duplicate, reverse engineer or otherwise replicate the subject vessel without express written consent by the Seller.

8. ENTIRE AGREEMENT

The parties agree that this Agreement constitutes the entire agreement and there are no further items or provisions, either oral or otherwise. Buyer agrees that it has not relied upon any representations of Seller as to prospective performance of the Vessel, but has relied upon its own inspection and investigation of the subject matter.

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

SELLER - **Cruisin' Tiki Builders, LLC**	BUYER – _____
_____	_____
Authorized Signature	Authorized Signature
_____	_____
Print Name and Title	Print Name and Title

APPENDIX A

ACKNOWLEDGEMENT OF DELIVERY AND RECEIPT OF VESSEL

Buyer hereby acknowledges delivery and receipt of the completed vessel described on the attached contract. Buyer further acknowledges that said vessel has been inspected and is without defect. Therefore, final acceptance is hereby confirmed as the undersigned accepts delivery and receipt of said vessel.

BUYER ASSUMES FULL LIABILITY AND RESPONSIBILITY FOR SAFE OPERATION OF THE VESSEL AND RELEASES SELLER FROM ANY AND ALL LIABILITY CONCERNING OPERATION OF VESSEL.

NONDISCLOSURE OR DUPLICATION

Buyer may have access to information that is confidential to Cruisin' Tiki Builders, LLC and its affiliates (collectively, "Seller"). Confidential Information shall include, but not limited to, the terms and pricing under this Agreement. The technical and other specifications for the equipment and all information clearly identified as confidential. Confidential Information shall not include information that: (a) is or becomes part of the public domain through the act or omission of Buyer; (b) was in the Buyer's lawful possession prior to the disclosure and had not been obtained by Buyer either directly or indirectly from the Seller; (c) is lawfully disclosed to the Buyer by a third party without restriction on disclosure; (d) is independently developed by buyer. Buyer agrees to hold Confidential Information in confidence during the term of this Agreement and for a period of five years after completion of this Agreement. Buyer agrees that unless required by law, it shall not make Confidential Information available in any form to any third party or to use Confidential Information for any purpose other than the implementation of this Agreement and safe operation of the subject vessel. Buyer agrees to all reasonable steps to ensure that Confidential Information is not disclosed or distributed by its employee's, representatives or agents in violation of the terms of this Agreement. Buyer also agrees that design, engineering and construction of the subject vessel is the exclusive property of the Seller and the Buyer will not duplicate, reverse engineer or otherwise replicate the subject vessel without express written consent by the seller.

THERE ARE NO WARRANTIES OF MERCHANTABILITY AND NO WARRANTIES WHICH EXTEND BEYOND THE DESCRIPTION OF THE FACE OF THE PURCHASE AGREEMENT.

HIN Number: _____

Signed this _____ day of _____, 20_____

BUYER: _____

Signed: _____

Print: _____

EXHIBIT D

FINANCIAL STATEMENTS

UNAUDITED FINANCIAL STATEMENTS
AS OF MARCH 31, 2024

THESE FINANCIAL STATEMENTS WERE PREPARED WITHOUT AN AUDIT. INVESTORS IN OR SELLERS OF FRANCHISES SHOULD BE ADVISED THAT NO CERTIFIED PUBLIC ACCOUNTANT HAS AUDITED THESE FIGURES OR EXPRESSED HIS OPINION WITH REGARD TO THEIR CONTENTS OR FORM.

Cruisin' Tikis International, Inc.

Financial Reporting Package

March 31, 2024

Cruisin' Tikis International, Inc.
Balance Sheet
March 31, 2024

		3/31/2024
Assets		
Current Assets		
Cash	$	485,889
Accounts Receivable, Net		11,077
Prepaid Expenses		232
Total Current Assets		497,198
Property, Plant and Equipment		
Furnitures and Fixtures		2,000
Leasehold Improvements		2,318
Less: Accumulated Depreciation		(3,363)
Total Property, Plant and Equipment		955
Right of Use Asset		
Right of Use Office Lease		290,469
Less: Accumulated Amortization		(211,964)
Total Right of Use Asset-Office Lease		78,505
Other Assets		
Advance to Affiliates		503,854
Total Other Assets		503,854
Total Assets	$	1,080,512
Liabilities and Shareholder Equity		
Current Liabilities		
Accounts Payable	$	133,720
Credit Cards Payable		1,816
Deferred Income		301,762
Current Lease Obligation		84,356
Due to Tiki Boat Barn		3,262
Curent portion of long-term debt		3,094
Total Current Liabilities		528,010
Long Term Liabilities		
EIDL Loan		135,484
Due to Affiliates		25,691
Total Long Term liabilities		161,175
Total Liabilities		689,185
Shareholder Equity		
Shareholders' Equity		391,327
Total Shareholder Equity		391,327
Total Liabilities and Shareholder Equity	$	1,080,512

THESE FINANCIAL STATEMENTS WERE PREPARED WITHOUT AN AUDIT. INVESTORS IN OR SELLERS OF FRANCHISES SHOULD BE ADVISED THAT NO CERTIFIED PUBLIC ACCOUNTANT HAS AUDITED THESE FIGURES OR EXPRESSED HIS OPINION WITH REGARD TO THEIR CONTENTS OR FORM.

Cruisin' Tikis International, Inc.
Profit and Loss Statement
March 31, 2024

	2024 Actual YTD
Revenue	
Franchise Royalties	$ 63,604
Franchise Fees	34,392
National Advertising (Escrow)	21,682
Total Revenue	119,678
General and Administrative Expenses	
Advertising	6,179
Advertising -- 2%	67,865
Automobile Expenses	145
Insurance	3,873
License, Franchise and Patent Fees	1,849
Management Fee	47,378
Office	8,145
Payroll	51,045
Professional Fees	9,888
Rent, Utilities, Telephone	45,480
Travel, Meals, and Entertainment	1,682
Interest	80
Depreciation	216
Total General and Administrative Expenses	243,825
Net Income	**$ (124,147)**

THESE FINANCIAL STATEMENTS WERE PREPARED WITHOUT AN AUDIT. INVESTORS IN OR SELLERS OF FRANCHISES SHOULD BE ADVISED THAT NO CERTIFIED PUBLIC ACCOUNTANT HAS AUDITED THESE FIGURES OR EXPRESSED HIS OPINION WITH REGARD TO THEIR CONTENTS OR FORM.

AUDITED FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2023, DECEMBER 31, 2022, AND DECEMBER 31, 2021

Cruisin' Tikis International, Inc.

FINANCIAL REPORT

December 31, 2023 and 2022

Cruisin' Tikis International, Inc.

FINANCIAL REPORT

DECEMBER 31, 2023 and 2022

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South Florida Audit & Assurance, Services

190 Spanish River Blvd. Suite 200
Boca Raton, Florida 33431
Phone: 561-226-4646 Fax: 833-226-4646

INDEPENDENT AUDITOR'S REPORT

To the Stockholders'
Cruisin' Tikis International, Inc.
Fort Lauderdale, Florida

Opinion

We have audited the accompanying financial statements of Cruisin' Tikis International, Inc. (a sub-chapter S corporation), which comprises the balance sheets as of December 31, 2023 and 2022, 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.

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

Basis for Opinion

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

Responsibilities of Managements for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally.

South Florida Audit & Assurance, Services
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Boca Raton, Florida 33431
Phone: 561-226-4646 Fax: 833-226-4646

INDEPENDENT AUDITOR'S REPORT

accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

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

South Florida Audit & Assurance Services, LLC

March 15, 2024

Cruisin' Tikis International, Inc.
Balance Sheets
December 31, 2023 and 2022

	2023	2022
ASSETS		
Current Assets		
Cash and cash equivalents - unrestricted	$ 501,377	$ 486,769
Restricted cash - marketing	76,699	76,661
Accounts receivable - less allowance for doubtful accounts of $1,000 and $1,000, respectively	42,219	24,403
Prepaid expenses	9,769	-
Total current assets	630,064	587,833
Property and equipment		
Furniture and fixtures	4,319	4,319
Less: Accumulated depreciation	(3,147)	(2,283)
Total property and equipment	1,172	2,036
Right of use asset		
Right of use office lease		
Less: Accumulated amortization	290,469	290,469
Total right of use asset-office lease	(211,964)	(117,758)
	78,505	172,711
Other assets		
Due from affiliates	459,899	338,031
Total other assets	459,899	338,031
Total assets	**$ 1,169,640**	**$ 1,100,611**
LIABILITIES ANDSTOCKHOLDER'S EQUITY		
Current Liabilities		
Accounts payable	$ 49,007	$ 109,138
Short Term Lease Obligation	84,356	95,134
Deferred income	336,154	346,054
Accrued payroll and payroll taxes	3,041	3,047
Accrued legal fees	15,000	12,863
Accrued Interest Fees	-	598
Arbitration Settlement Payable	9,262	-
Loans payable to affiliates	25,691	26,864
SBA loan payable - current maturity	3,094	3,408
Total current liabilities	525,605	597,106
Long Term Liabilities		
Long term lease obligation	-	84,357
SBA loan payable - less current maturities	139,139	141,189
Total long term liabilities	139,139	225,546
Total liabilities	664,744	822,652
STOCKHOLDERS' EQUITY		
Common stock, 10,000 shares authorized, issued and outstanding, $1 par value.	10,000	10,000
Retained earnings	494,896	267,959
Total stockholder's equity	504,896	277,959
Total liabilities and stockholders' equity (deficit)	**$ 1,169,640**	**$ 1,100,611**

See Accompanying Notes to Financial Statements

Cruisin' Tikis International, Inc.
Statements of Operations
For the Years Ended December 31, 2023 and 2022

	2023	2022
Operating Revenues		
Franchise and license fees	$ 147,556	$ 136,133
Franchise royalty fees	686,081	667,386
License Royalty fees	2,218	17,742
National advertising escrow collected	229,506	242,498
Printed media	4,714	25,566
Management fees	125,029	-
Total operating revenues	1,195,104	1,089,325
General and administrative expenses		
Salaries and wages	222,371	224,669
Payroll taxes	23,248	21,253
Cost of goods sold	4,675	6,736
National advertising expense	148,016	97,463
Other advertising and marketing	5,399	27,680
Interest expense	10,284	14,030
Insurance and bonds	18,369	1,820
Licensing fees	972	6,347
Legal fees	127,939	309,445
Consulting Fees	7,875	-
Other professional fees	210,469	143,893
Depreciation expense	864	864
Trademark expenses	6,000	6,000
Office expense	12,434	37,974
Bank charges and payroll processing fes	1,674	6,742
Computer and internet expenses	23,722	14,717
Amortization of lease obligation	94,206	94,206
Telephone and utilities	8,885	12,125
Other miscellaneous expenses	2,702	4,721
Total general and administrative expenses	930,104	1,030,685
Net operating income	265,000	58,640
Other income (expense)		
Legal settlements	(38,262)	-
Other income	199	265
Total other income	(38,063)	265
Net income	$ 226,937	$ 58,905

See Accompanying Notes to Financial Statements

Cruisin' Tikis International, Inc.
Statements of Changes in Stockholder's Equity
For the Years Ended December 31, 2023 and 2022

	Common Stock Outstanding Shares	Amount	Retained Earnings (Deficit)	Total
Balance at December 31, 2021 - restated	10,000	$ 10,000	$ 224,054	$ 234,054
Shareholder Distributions			(15,000)	(15,000)
Net income year ended December 31, 2022			58,905	58,905
Balance at December 31, 2022	10,000	10,000	267,959	277,959
Net income year ended December 31, 2023			226,937	226,937
Balance at December 31, 2023	10,000	$ 10,000	$ 494,896	$ 504,896

See Accompanying Notes to Financial Statements

Cruisin' Tikis International, Inc.
Statements of Cash Flows
For the Years Ended December 31, 2023 and 2022

	2023	2022
Cash Provided by Operations		
Net income (loss)	$ 226,937	$ 58,905
Adjustments to reconcile net income (loss) to cash		
Depreciation	864	864
Amortization-right of use asset	94,206	94,206
Changes in assets and liabilities		
(Increase) decrease in:		
Accounts receivable	(17,816)	3,813
Prepaid expenses	(9,769)	500
Increase (decrease) in		
Accounts payable and accrued expenses	(60,735)	95,593
Deferred income	(9,900)	(58,133)
Accrued legal fees	2,137	(343)
Arbitration Settlement Payable	9,262	-
Net Cash Provided by Operations	235,186	195,405
Cash used by investing activities		
Purchase of property and equipment	-	-
Net Cash Used by Investing Activities	-	-
Cash Provided (used) by Financing Activities		
SBA loan	(2,364)	-
Principal payments on SBA loan	-	(3,282)
Distributions to shareholders	-	(15,000)
Lease Obligations	(95,135)	(88,543)
Loans to affiliates	(123,041)	(91,890)
Net Cash Provided (used) by Financing Activities	(220,540)	(198,715)
Net Increase (decrease) in Cash	14,646	(3,310)
Cash balance beginning of year	563,430	566,740
Cash Balance end of year	$ 578,076	$ 563,430
Unrestricted cash	$ 501,377	$ 486,769
Restricted cash	76,699	76,661
Total cash and cash equivalents	$ 578,076	$ 563,430

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

Cash paid during the year for:		
Interest	$ 10,284	$ 14,030
Income taxes	$ -	$ -

See Accompanying Notes to Financial Statements

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

The Company was incorporated as a Florida Corporation on April 20, 2018, is based in South Florida, and is engaged in the business of licensing or franchising the operation of Cruisin' Tikis floating motorized Tiki bars within specified territories. The company has currently sold 43 licenses or franchises in various states including Florida and the Bahama's.

Basis of Accounting

The accompanying financial statements of Cruisin' Tikis International, Inc. have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

Revenue Recognition

In May 2014, the FASB issued ASU 2014-09, Revenue from Contracts with Customers (Topic 606). This guidance outlines a single, comprehensive model for accounting for revenue from contracts with customers. We adopted the standard on January 1, 2019. Our revenue is generated substantially from new franchisee fees plus certain royalties. Under this policy the franchise or license fees are deferred and recognized as revenue over the term of the franchise or license agreement. See note 2, change in accounting policy, for further discussion.

Royalty fees are based upon a percentage of monthly sales of the franchisee. There are no additional performance requirements. Therefore, royalty fees are recognized when the royalties are collected based on the previous month's sales.

Lease Accounting

In 2019 the U.S. Financial Accounting Standard Board (FASB) issued new standards for the accounting and reporting of leases in the financial statements of lessees. Private companies had until December 31, 2021 to apply the new rules. In general, the new lease rules require that all leases are recorded on the balance sheet as both an asset (right of use asset) and a liability (lease liability). The right of use asset is recorded at the discounted present value on the balance sheet , which is amortized over the period of the lease and reported in the income statement as "amortization of right of use asset."

Cash and Cash Equivalents

For purposes of the balance sheet, the Organization considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents. There were no cash equivalents on December 31, 2023 or 2022.

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES - continued

Restricted Cash

Under the terms of the franchise and licensing agreements the franchisees or licensees are required to contribute a percentage of their revenue to a marketing fund overseen by the company. These funds are placed in a separate bank account and can only be used for marketing purposes. The balance of those funds totaling $76,699 and $76,661 on December 31, 2023 and 2022, respectively, are identified as "restricted cash – marketing" in the accompanying balance sheet.

Income Taxes

The Company files its income tax returns on a calendar year. Management has elected to be taxed as a sub-chapter S corporation under the Internal Revenue Code. Under those provisions, the Company generally does not pay Federal or State income taxes on its taxable income. Instead, all income or losses and credits are reported on the stockholders' individual income tax return. Accordingly, no income taxes have been provided in the accompanying financial statements.

The Company has analyzed its various federal and state income tax filing positions and believes that no accruals for tax liabilities are required on December 31, 2023 and 2022. Therefore, no reserves for uncertain income tax positions have been recorded. No significant increases or decreases in unrecognized tax benefits are expected to occur within the next 12 months.

In the event interest and penalties were due relating to an unsustainable tax position, they would be treated as a component of income tax expense.

The Company's federal income tax returns are subject to examination by the Internal Revenue Service. At December 31, 2023, the income tax returns for the years 2023, 2022, 2021 and 2020 are still subject to examination.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions affecting the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the period. Actual results could differ from those estimates. Estimates are used in the determination of allowances for doubtful accounts, depreciation and amortization, taxes, and contingencies, among others.

Concentrations of Credit Risk

Financial instruments that potentially subject the Company to credit risk include cash and accounts receivable. The Company places its cash with a major financial institution. The balances are insured by the Federal Deposit Insurance Corporation up to $250,000. On December 31, 2023 there was $328,077 of balances in excess of that amount. On December 31, 2022 there was $311,612 of balances in excess of that amount.

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES - continued

Advertising Costs

The company promotes its products through internet advertising. Advertising costs are expensed as incurred.

NOTE 2 – FRANCHISING AND LICENSING AGREEMENTS

The company is currently entering into franchise agreements. The agreements require an initial, non-refundable franchise fee which are recorded as a deferred income liability in the balance sheet and revenue is recognized over the term of the initial franchise agreement. In addition, the franchise agreements require a royalty fee of a percentage of sales to be paid each month during the term of the agreement. A national advertising fee is also required to be paid as a percentage of sales monthly. The advertising fees are held in a separate bank account and are considered restricted funds to be used only for national advertising expenses. The company has franchise agreements with 44 independent franchisees plus one franchise owned by the stockholders' during the year ended December 31, 2023, and the company had franchise agreements with 39 independent franchisees plus two franchises owned by the stockholders' during the year ended December 31, 2022. As of the date of this report the company has 45 independent franchisees plus one franchise owned by the stockholders. The company is no longer offering license agreements.

NOTE 3 – RELATED PARTY TRANSACTIONS

The company's stockholders' own several other entities related to the patents, copyrights, construction, and distribution of the Cruisin' Tiki's vessels. These entities are brother/sister entities. As such they are not consolidated in the Cruisin' Tikis International, Inc. financial statements and none of their activities are reflected in the accompanying financial statements. Periodically advances are made between the company and the other related entities for working capital purposes. These advances are not documented by notes, have no stipulated repayment terms, and do not bear interest. Accordingly, they are reflected as a current asset or current liability in the accompanying balance sheet.

NOTE 4 – CONTINGENCIES AND COMMITTMENTS

The Company had prevailed in a longstanding lawsuit with a licensee for a breach of contract in a previous year. The individual of this company was sued personally, and both parties agreed on arbitration to resolve the lawsuit. The company and the individual agreed on an installment agreement in the total amount of $38,262 to be paid over 12 months. At December 31, 2023 the remaining amount payable for this installment agreement is $9,262.

NOTE 5 – CONTINGENCIES AND COMMITMENTS-continued

The Company is in litigation with a licensee over a breach of licensing agreement for violations of intellectual property rights. This case was reset for a final hearing on the Court's October 2024 docket. Because the outcome of this dispute is uncertain at this time no amounts have been recorded in the accompanying financial statements related to this dispute. Any recovery from this claim will be recorded as income in the period the claim is settled.

The company has incurred legal fees related to these various lawsuits of $127,939 and $309,445 during the years ended December 31, 2023 and 2022 respectively, which has been reflected as an expense in the accompanying financial statements.

NOTE 6 – EVALUATION OF SUBSEQUENT EVENTS

The company has evaluated subsequent events through March 15, 2024, the date on which the financial statements were available to be issued.

Cruisin' Tikis International, Inc.

FINANCIAL REPORT

December 31, 2022 and 2021

Cruisin' Tikis International, Inc.

FINANCIAL REPORT

DECEMBER 31, 2022 and 2021

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INDEPENDENT AUDITOR'S REPORT

To the Stockholders'
Cruisin' Tikis International, Inc.
Fort Lauderdale, Florida

Opinion

We have audited the accompanying financial statements of Cruisin' Tikis International, Inc. (a sub-chapter S corporation), which comprises the balance sheets as of December 31, 2022 and 2021, 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.

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

Basis for Opinion

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

Responsibilities of Managements for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally

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INDEPENDENT AUDITOR'S REPORT

accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

Michael R. Watson CPA & Associates, P.A.

Michael R. Watson CPA and Associates, P.A.
Fort Lauderdale, Florida
June 21, 2023

Cruisin' Tikis International, Inc.
Balance Sheets
December 31, 2022 and 2021

	2022	Restated 2021
ASSETS		
Current Assets		
Cash and cash equivalents - unrestricted	$ 486,769	$ 454,909
Restricted cash - 2% marketing	76,661	111,831
Accounts receivable - less allowance for doubtful accounts of $1,000 and $1,000, respectively	24,403	28,216
Prepaid expenses	-	500
Total current assets	587,833	595,456
Property and equipment\		
Furniture and fixtures	4,319	4,319
Less: Accumulated depreciation	(2,283)	(1,419)
Total property and equipment	2,036	2,900
Right of use asset		
Right of use office lease	290,469	290,469
Less: Accumulated amortization	(117,758)	(23,552)
Total right of use asset-office lease	172,711	266,917
Other assets		
Due from affiliates	338,031	246,141
Total other assets	338,031	246,141
Total assets	**$ 1,100,611**	**$ 1,111,414**
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities		
Accounts payable	$ 109,138	$ 13,545
Short term lease obligation	95,134	88,543
Deferred income	346,054	404,187
Accrued payroll and payroll taxes	3,047	-
Accrued legal fees	12,863	15,489
Accrued interest	598	1,362
Loans payable to affiliates	26,864	26,864
SBA loan payable - current maturity	3,408	3,283
Total current liabilities	597,106	553,273
Long Term Liabilities		
Long term lease obligation	84,357	179,491
SBA loan payable - less current maturities	141,189	144,596
Total long term liabilities	225,546	324,087
Total liabilities	822,652	877,360
STOCKHOLDERS' EQUITY		
Common stock, 10,000 shares authorized, issued and outstanding, $1 par value.	10,000	10,000
Retained earnings	267,959	224,054
Total stockholders' equity	277,959	234,054
Total liabilities and stockholders' equity (deficit)	**$ 1,100,611**	**$ 1,111,414**

See Accompanying Notes to Financial Statements

Cruisin' Tikis International, Inc.
Income Statements
For the Years Ended December 31, 2022 and 2021

	2022	Restated 2021
Operating Revenues		
Franchise license fees	$ 136,133	$ 95,217
Franchise royalty fees	667,386	543,063
License Royalty fees	17,742	25,147
National advertising escrow collected	242,498	181,146
Merchandise sales	25,566	-
Total operating revenues	1,089,325	844,573
General and administrative expenses		
Salaries and wages	224,669	140,359
Payroll taxes	21,253	21,474
Cost of goods sold	6,736	33,906
National advertising expense	97,463	76,533
Other advertising and marketing	27,680	5,577
Interest expense	14,030	7,254
Insurance and bonds	1,820	1,860
Licensing fees	6,347	6,090
Legal fees	309,445	174,315
Other professional fees	143,893	78,145
Depreciation expense	864	619
Trademark expnses	6,000	-
Office expense	37,974	14,898
Bank charges and payroll processing fes	6,742	26,348
Computer and internet expenses	14,717	11,679
Amortization of lease obligation	94,206	23,552
Telephone and utilities	12,125	7,121
Other miscellaneous expenses	4,721	18,969
Total general and administrative expenses	1,030,685	648,699
Net operating income	58,640	195,874
Other income (expense)		
Forgiveness of indebtedness	-	34,000
Legal settlements	-	146,001
PPP loan forgiveness	-	25,269
Other income	265	401
Total other income	265	205,671
Net income	$ 58,905	$ 401,545

See Accompanying Notes to Financial Statements

Cruisin' Tikis International, Inc.
Statements of Changes in Stockholders' Equity
For the Years Ended December 31, 2022 and 2021

	Common Stock Outstanding Shares	Amount	Retained Earnings (Deficit)	Total
Balance at December 31, 2020 - restated	10,000	$ 10,000	$ (177,491)	$ (167,491)
Net income year ended December 31, 2021			401,545	401,545
Balance at December 31, 2021	10,000	10,000	224,054	234,054
Shareholder distributions			(15,000)	(15,000)
Net income year ended December 31, 2022			58,905	58,905
Balance at December 31, 2022	10,000	$ 10,000	$ 267,959	$ 277,959

See Accompanying Notes to Financial Statements

Cruisin' Tikis International, Inc.
Statements of Cash Flows
For the Years Ended December 31, 2022 and 2021

	2022	Restated 2021
Cash Provided by Operations		
Net income (loss)	$ 58,905	$ 401,545
Adjustments to reconcile net income (loss) to cash		
Depreciation	864	619
Amortization-right of use asset	94,206	23,552
Changes in assets and liabilities		
(Increase) decrease in:		
Accounts receivable	3,813	(3,971)
Prepaid expenses	500	(500)
Increase (decrease) in		
Accounts payable and accrued expenses	95,593	9,955
Deferred income	(58,133)	176,782
Accrued legal fees	(343)	(85,600)
Net Cash Provided by Operations	195,405	522,382
Cash used by investing activities		
Purchase of property and equipment	-	(2,319)
Net Cash Used by Investing Activities	-	(2,319)
Cash Provided (used) by Financing Activities		
SBA loan	-	150,000
Principal payments on SBA loan	(3,282)	(2,121)
PPP loan payable (forgiven)	-	(175,000)
Distributions to shareholders	(15,000)	-
Lease obligation	(88,543)	268,034
Right of use asset	-	(290,469)
Loans to affiliates	(91,890)	(80,871)
Net Cash Provided (used) by Financing Activities	(198,715)	(130,427)
Net Increase (decrease) in Cash	(3,310)	389,636
Cash balance beginning of year	566,740	177,104
Cash Balance end of year	$ 563,430	$ 566,740
Unrestricted cash	$ 486,769	$ 454,909
Restricted cash	76,661	111,831
Total cash and cash equivalents	$ 563,430	$ 566,740

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

Cash paid during the year for:		
Interest	$ 265	$ 7,254
Income taxes	$ -	$ -

See Accompanying Notes to Financial Statements

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

The Company was incorporated as a Florida Corporation on April 20, 2018, is based in South Florida, and is engaged in the business of licensing or franchising the operation of Cruisin' Tikis floating motorized Tiki bars within specified territories. The company has currently sold 43 licenses or franchises in various states including Florida and the Bahama's.

Basis of Accounting

The accompanying financial statements of Cruisin' Tikis International, Inc. have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

Revenue Recognition

In May 2014, the FASB issued ASU 2014-09, Revenue from Contracts with Customers (Topic 606). This guidance outlines a single, comprehensive model for accounting for revenue from contracts with customers. We adopted the standard on January 1, 2019. Our revenue is generated substantially from new franchisee fees plus certain royalties. Under this policy the franchise or license fees are deferred and recognized as revenue over the term of the franchise or license agreement. See note 2, change in accounting policy, for further discussion.

Royalty fees are based upon a percentage of monthly sales of the franchisee. There are no additional performance requirements. Therefore, royalty fees are recognized when the royalties are collected based on the previous month's sales.

Lease Accounting

In 2019 the U.S. Financial Accounting Standard Board (FASB) issued new standards for the accounting and reporting of leases in the financial statements of lessees. Private companies had until December 31, 2021 to apply the new rules. In general, the new lease rules require that all leases are recorded on the balance sheet as both an asset (right of use asset) and a liability (lease liability). The right of use asset is recorded at the discounted present value on the balance sheet , which is amortized over the period of the lease and reported in the income statement as "amortization of right of use asset". Previously there was no balance sheet asset or liability related to the lease and rent expense was recorded over the term of the lease based on rental payments made. See also note 2, change in accounting policy.

Cash and Cash Equivalents

For purposes of the balance sheet, the Organization considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents. There were no cash equivalents on December 31, 2022 or 2021.

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES - continued

Restricted Cash

Under the terms of the franchise and licensing agreements the franchisees or licensees are required to contribute a percentage of their revenue to a marketing fund overseen by the company. These funds are placed in a separate bank account and can only be used for marketing purposes. The balance of those funds totaling $76,661 and $111,831 on December 31, 2022 and 2021, respectively, are identified as "restricted cash – marketing" in the accompanying balance sheet.

Income Taxes

The Company files its income tax returns on a calendar year. Management has elected to be taxed as a sub-chapter S corporation under the Internal Revenue Code. Under those provisions, the Company generally does not pay Federal or State income taxes on its taxable income. Instead, all income or losses and credits are reported on the stockholders' individual income tax return. Accordingly, no income taxes have been provided in the accompanying financial statements.

The Company has analyzed its various federal and state income tax filing positions and believes that no accruals for tax liabilities are required on December 31, 2021 and 2020. Therefore, no reserves for uncertain income tax positions have been recorded. No significant increases or decreases in unrecognized tax benefits are expected to occur within the next 12 months.

In the event interest and penalties were due relating to an unsustainable tax position, they would be treated as a component of income tax expense.

The Company's federal income tax returns are subject to examination by the Internal Revenue Service. At December 31, 2022, the income tax returns for the years 2022, 2021, 2020 and 2019 are still subject to examination.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions affecting the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the period. Actual results could differ from those estimates. Estimates are used in the determination of allowances for doubtful accounts, depreciation and amortization, taxes, and contingencies, among others.

Concentrations of Credit Risk

Financial instruments that potentially subject the Company to credit risk include cash and accounts receivable. The Company places its cash with a major financial institution. The balances are insured by the Federal Deposit Insurance Corporation up to $250,000. On December 31, 2021 there was $189,392 of balances in excess of that amount. On December 31, 2022 there was $181,612 of balances in excess of that amount.

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES - continued

Advertising Costs

The company promotes its products through internet advertising. Advertising costs are expensed as incurred.

NOTE 2 – CHANGE IN ACCOUNTING POLICY AND PRIOR PERIOD ADJUSTMNTS

National Advertising Escrow

Under the company's franchising and licensing agreements, the company charges a national advertising fee monthly from its franchisees or licensees which is required to be used for national advertising in support of all of its franchisees and licensees nationally. The company's FDD stipulates that these funds are not an asset of the company. In previous years the accounting policy was to consider the fees collected as funds held in escrow for the franchisees or licensees and defer the fees collected and not report the collections as revenue or the related disbursements as expenses in the income statements. The funds collected are held in a separate bank account and reported as a restricted asset in the balance sheets.

During the year management has determined that the proper accounting for these funds is To record the collections as revenue and the related disbursements as expenses in the income statements. Accordingly, a change in accounting policy is necessary. As a result of this change the deferred 2% marketing liability reflected on the previously issued 2021 financial statements totaling $111,585 is removed from the balance sheet. Additionally, national advertising escrow collected and reported as income in the income statement was$242,498 and $181,146 for the years ended December 31, 2022 and 2021, respectively. The related disbursements are recorded as expenses totaling $97,463 and $76,533 for the years ended December 31, 2022 and 2021 respectively.

Franchise Fee Revenue Recognition

The company charges an initial franchise or license fee for the right to operate a franchised or licensed business when an agreement is executed. The franchise and licensing fees are non-refundable and there are no substantial additional performance requirements, training required, or merchandise, materials or supplies provided as a result of the agreement.

In previous years the company has considered the franchise and license fees earned in full when the agreement is signed since there are no subsequent performance requirements and no training is required. However, during the year management has determined that the passage of time is also a factor in determining the revenue recognition requirements. Accordingly, a change in accounting policy is necessary. Management has analyzed the franchise and license agreements issued through December 31, 2022 and adjusted the financial statements to reflect the proper amount of the deferred fees. As a result, deferred income in the previously issued financial statements for the year ended December 31, 2021 was increased by $396,687. In addition, franchise fee revenue for the year ended December 31, 2021 was reduced by $169,283.

NOTE 2 – CHANGE IN ACCOUNTING POLICY AND PRIOR PERIOD ADJUSTMNTS- continued

Lease Accounting

As a result of the new lease accounting standard discussed in note 1 the company has revised the financial statements for the year ended December 31, 2021 to conform to the new rules so the statements would be comparative. As a result, the previously issued balance sheet for the year ended December 31, 2021 includes a right of use asset, net of accumulated amortization of $266,917, a short-term lease obligation of $88,453 and a long-term lease obligation of $179,491. In addition, rent expense of $13,621 originally reported on the previously issued financial statements for the year ended December 31, 2021 was eliminated and amortization of lease obligation was added totaling $23,562.

NOTE 3 – FRANCHISING AND LICENSING AGREEMENTS

The company is currently entering into franchise agreements. The agreements require an initial, non-refundable franchise fee which are recorded as a deferred income liability in the balance sheet and revenue is recognized over the term of the initial franchise agreement. In addition, the franchise agreements require a royalty fee of a percentage of sales to be paid each month during the term of the agreement. A national advertising fee is also required to be paid as a percentage of sales monthly. The advertising fees are held in a separate bank account and are considered restricted funds to be used only for national advertising expenses. The company has franchise agreements with thirty-nine independent franchisees plus two franchises owned by the stockholders' during the year ended December 31, 2022, and thirty-five franchisees during the year ended December 31, 2021 plus two franchises owned by the stockholders' during the year ended December 31, 2021. As of the date of this report the company has forty-three independent franchisees plus two franchises owned by the stockholders'. The company is no longer offering license agreements.

NOTE 4 – RELATED PARTY TRANSACTIONS

The company's stockholders' own several other entities related to the patents, copyrights, construction, and distribution of the Cruisin' Tiki's vessels. These entities are brother/sister entities. As such they are not consolidated in the Cruisin' Tikis International, Inc. financial statements and none of their activities are reflected in the accompanying financial statements. Periodically advances are made between the company and the other related entities for working capital purposes. These advances are not documented by notes, have no stipulated repayment terms and do not bear interest. Accordingly they are reflected as a current asset or current liability in the accompanying balance sheet.

NOTE 5 – CONTINGENCIES AND COMMITTMENTS

A previous licensee has violated their licensing agreement by selling their Cruisin' Tiki boats to an unrelated third party in violation of the license agreement. The licensee has previously initiated legal proceedings against the company. The company has countersued for violation of the license agreement and the case was heard in Broward County, Florida under the terms of the licensing agreement. On June 3, 2020, the licensee's lawsuit was dismissed by the court and is no longer pending. Legal costs for the suit are being expensed as incurred.

NOTE 5 – CONTINGENCIES AND COMMITMENTS-continued

The company has filed suit against the licensee to recover its legal fees and other costs. The case has been settled. The company received the settlement in 2021. The proceeds of the settlement, after some additional legal fees is reflected in the accompanying income statement under other income.

The company was previously a defendant in a commercial arbitration involving a breach of a licensing agreement. A final hearing was held in December 2022 on all claims and counterclaims. The company prevailed on its counter claims against the plaintiff and also prevailed in defeating all claims against the company. Any recovery of costs awarded as a result of this claim will be recorded in the future when the recovery is received.

The company has a dispute with another licensee. A lawsuit has been filed against the licensee for breach of licensing agreement and violation of intellectual property rights. This case is still pending. Because the outcome of this dispute is uncertain at this time no amounts have been recorded in the accompanying financial statements related to this dispute. Any recovery from this claim will be recorded as income in the period the claim is settled.

The company has incurred legal fees related to these various lawsuits of $309,445 and $174,315 during the years ended December 31, 2022 and 2021 which has been reflected as an expense in the accompanying financial statements.

NOTE 6 – EVALUATION OF SUBSEQUENT EVENTS

The company has evaluated subsequent events through June 21, 2023, the date on which the financial statements were available to be issued.

EXHIBIT E

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Franchise System Standards Manual

CONFIDENTIAL DOCUMENT

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EXHIBIT F

SAMPLE GENERAL RELEASE

GRANT OF FRANCHISOR CONSENT AND FRANCHISEE RELEASE

Cruisin' Tikis International, Inc. ("we," "us," or "our") and the undersigned franchisee or franchisee owner, _____ _____ ("you" or "your"), currently are parties to a certain franchise agreement (the "Franchise Agreement") dated _____, 20___. You have asked us to take the following action or to agree to the following request: [insert as appropriate for renewal or transfer situation]_____ _____ _____ _____ _____. We have the right under the Franchise Agreement to obtain a general release from you (and, if applicable, your owners) as a condition of taking this action or agreeing to this request. Therefore, we are willing to take the action or agree to the request specified above if you (and, if applicable, your owners) give us the release and covenant not to sue provided below in this document. You (and, if applicable, your owners) are willing to give us the release and covenant not to sue provided below as partial consideration for our willingness to take the action or agree to the request described above.

Consistent with the previous introduction, you, on your own behalf and on behalf of your current and former parents, affiliates, and subsidiaries, and each such foregoing person's or entity's successors, heirs, executors, administrators, personal representatives, agents, assigns, partners, shareholders, members, owners, directors, officers, principals, employees, attorneys and affiliated entities (collectively, the "Releasing Parties"), hereby forever release and discharge us and our current and former parents, subsidiaries, and affiliates, and each such foregoing entity's respective officers, directors, members, shareholders, principals, employees, agents, representatives, affiliated entities, successors, and assigns (collectively, the "Released Parties") of and from any and all claims, damages (known and unknown), demands, causes of action, suits, duties, liabilities, and agreements of any nature and kind (collectively, "Claims"), whether at law or in equity, that you and any of the other Releasing Parties now has, ever had, or, but for this document, hereafter would or could have against any of the Released Parties, including without limitation, any and all Claims in any way (1) arising out of or related to the Released Parties' obligations under the Franchise Agreement; (2) otherwise arising from or related to your and the other Releasing Parties' relationship, from the beginning of time to the date of your signature below, with any of the Released Parties; and (3) operation of any and all Cruisin'® Tikis vessels. You, on your own behalf and on behalf of the other Releasing Parties, further covenant not to sue any of the Released Parties on any of the Claims released by this paragraph and represent that you have not assigned any of the Claims released by this paragraph to any individual or entity who is not bound by this paragraph.

We also are entitled to a release and covenant not to sue from your owners. By his, her, or their separate signatures below, your owners likewise grant to us the release and covenant not to sue provided above.

You, on your own behalf and on behalf of the Releasing Parties, agree not to disparage, impugn or otherwise speak or write negatively, directly or indirectly, of us or the Released Parties, the Cruisin' Tikis brand, the Cruisin' Tikis franchise system, or any other service-marked or trademarked concept of us or the Released Parties, or take any other action which would subject the Cruisin' Tikis brand to ridicule, scandal, reproach, scorn, or indignity or which would negatively impact the goodwill of us, the Released Parties, or the Cruisin' Tikis brand.

IF THE VESSEL YOU OPERATE UNDER THE FRANCHISE AGREEMENT IS LOCATED IN CALIFORNIA OR IF YOU ARE A RESIDENT OF CALIFORNIA, THE FOLLOWING SHALL APPLY:

SECTION 1542 ACKNOWLEDGMENT. IT IS YOUR INTENTION, ON YOUR OWN BEHALF AND ON BEHALF OF THE RELEASING PARTIES, IN EXECUTING THIS RELEASE THAT THIS INSTRUMENT BE AND IS A GENERAL RELEASE WHICH SHALL BE EFFECTIVE AS A BAR TO EACH AND EVERY CLAIM, DEMAND, OR CAUSE OF ACTION RELEASED BY YOU OR THE RELEASING PARTIES. YOU RECOGNIZE THAT YOU OR THE RELEASING PARTIES MAY HAVE SOME CLAIM, DEMAND, OR CAUSE OF ACTION AGAINST THE RELEASED PARTIES OF WHICH YOU, HE, SHE, OR IT IS TOTALLY UNAWARE AND UNSUSPECTING, WHICH YOU, HE, SHE, OR IT IS GIVING UP BY EXECUTING THIS RELEASE. IT IS YOUR INTENTION, ON YOUR OWN BEHALF AND ON BEHALF OF THE RELEASING PARTIES, IN EXECUTING THIS INSTRUMENT THAT IT WILL DEPRIVE YOU, HIM, HER, OR IT OF EACH SUCH CLAIM, DEMAND, OR CAUSE OF ACTION AND PREVENT YOU, HIM, HER, OR IT FROM ASSERTING IT AGAINST THE RELEASED PARTIES. IN FURTHERANCE OF THIS INTENTION, YOU, ON YOUR OWN BEHALF AND ON BEHALF OF THE RELEASING PARTIES, EXPRESSLY WAIVE ANY RIGHTS OR BENEFITS CONFERRED BY THE PROVISIONS OF SECTION 1542 OF THE CALIFORNIA CIVIL CODE, WHICH PROVIDES AS FOLLOWS:

"A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS THAT THE CREDITOR OR RELEASING PARTY DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE AND THAT, IF KNOWN BY HIM OR HER, WOULD HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR OR RELASED PARTY."

YOU ACKNOWLEDGE AND REPRESENT THAT YOU HAVE CONSULTED WITH LEGAL COUNSEL BEFORE EXECUTING THIS RELEASE AND THAT YOU UNDERSTAND ITS MEANING, INCLUDING THE EFFECT OF SECTION 1542 OF THE CALIFORNIA CIVIL CODE, AND EXPRESSLY CONSENT THAT THIS RELEASE SHALL BE GIVEN FULL FORCE AND EFFECT ACCORDING TO EACH AND ALL OF ITS EXPRESS TERMS AND PROVISIONS, INCLUDING, WITHOUT LIMITATION, THOSE RELATING TO THE RELEASE OF UNKNOWN AND UNSUSPECTED CLAIMS, DEMANDS, AND CAUSES OF ACTION.

If the vessel you operate under the Franchise Agreement is located in Maryland or if you are a resident of Maryland, the following shall apply:

Any general release provided for hereunder shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

[*Signature Page Follows*]

IN WITNESS WHEREOF, the parties have executed and delivered this Agreement on the date stated below.

CRUISIN' TIKIS INTERNATIONAL, INC.,
a Florida corporation

Signature:_____

Name:_____

Title:_____

Dated:_____

FRANCHISEE:

(IF YOU ARE A CORPORATION, LIMITED LIABILITY COMPANY, OR PARTNERSHIP):

Signature:_____

Name:_____

Title:_____

(IF YOU ARE AN INDIVIDUAL AND NOT A LEGAL ENTITY):

_____
Signature

_____
Print Name

_____
Signature

_____
Print Name

OWNER:

_____
Signature

_____
Print Name

_____
Signature

_____
Print Name

EXHIBIT G

LIST OF FRANCHISEES

List of Current Franchisees as of December 31, 2023

Company	Contact Person Name	Business Address	Operating City	Operating State	Number of Boats	Phone
Orange Beach Tikis, LLC	Ian & Haley Blaise	702 N. Lakeside Dr. Destin, FL 32541	Orange Beach	AL	3	850-748-8002
Havasu Tikis, LLC	Greg Licht	920 Calle Negocio, Suite C San Clemente, CA 92672	Havasu	AZ	1	949-498-7207
P & L Entertainment – CT Rehoboth Bay	Patty & Larry Sinkus	3610 Joseph Dr. Rehoboth Bay, DE 19971	Rehoboth Bay	DE	2	302-981-9671
BluuLite, LLC	Ryan Spinella, Ian Bleiu and Joel Howitt	414 Arredondo Avenue St. Augustine, FL 32080	Amelia Island	FL	1	954-328-9182
Tiki Time Rental, Inc.	Nick & Stacy Becker	127 SE 31st Street Cape Coral, FL 33904	Cape Coral	FL	4	815-585-1934
Cruisin' Tikis Clearwater, LLC	Mike Cerio & Derek Adams	10501 Chambers Drive Tampa, FL 33626	Clearwater	FL	5	727-403-2910
M&K Tikis, LLC	Maggy and Ken Colby	208 Pine Ave. Edgewater, FL 32141	Daytona Beach	FL	1	954-204-4475
Destin Tikis, LLC	Ian Blaise	702 N. Lakeside Dr. Destin, FL 32541	Destin	FL	9	850-748-8002
Upper Keys Watersports LLC	Dan and Laurie Cornell	1 Bass Ave. Key Largo, FL 33037	Key Largo	FL	3	734-395-9998
Cruisin Tikis Key West LLC	Michael Sigmond and Johnna Sleith	1209 Truman Ave., Apt. 4 Key West, FL 33040	Key West	FL	5	412-607-4479
Tikis Lake Dora, LLC	Dee Ann Squire, Sara Squire, and Jessica Remillard	15378 Sandfield Loop Winter Garden, FL 34787	Lake Dora	FL	1	404-784-6804
Cruisin Tikis Key West LLC	Johnna Sleith and Michael Sigmond	1209 Truman Ave., Apt. 4 Key West, FL 33040	Marathon	FL	2	412-607-4479
Space Coast Tikis LLC	John Creamer	1872 Merritt Island Causeway Merritt Island, FL 32952	Merritt Island	FL	2	321-514-5294
MAC Getaways, LLC	Michelle Kish and Christina Beiter	18117 Biscayne Blvd., #1160 Aventura, FL 33160	Miami	FL	2	404-787-6804
JWMW, LLC	Melissa and John Wilinski	24199 Roger Doger St. Bonita Springs, FL 34135	Naples	FL	4	239-734-0670
Panama City Beach Tikis, LLC	Ian Blaise	702 N. Lakeside Drive Destin, FL 32541	Panama City Beach	FL	2	850-748-8002
Pensacola Tikis LLC	Ian & Haley Blaise and Mark & Katherine Morningstar	702 N. Lakeside Dr. Destin, FL 32541	Pensacola	FL	2	850-748-8002
JW Cruisin, LLC	Jacob Weiland	4738 White Bay Circle Wesley Chapel, FL 33545	Port Charlotte	FL	2	352-424-1381
Sarasota Tikis LLC	Bill Hogan and Mike Bishop	23317 Airway Avenue Punta Gorda, FL 33980	Sarasota	FL	1	609-289-7722
Tea Key Tikis, LLC	Shawn Harman	1116 Varela Street Key West, FL 33040	St. Augustine	FL	2	954-328-9182
Tampa Bay Tikis, LLC	Mike Cerio and Derek Adams	10501 Chambers Drive Tampa, FL 33626	Tampa Bay	FL	2	727-403-2910

Company	Contact Person Name	Business Address	Operating City	Operating State	Number of Boats	Phone
Treasure Coast Tiki LLC	Joshua Casey	606 Moen Ave Apt #2 Rockdale, IL 60436	Treasure Coast	FL	1	815-582-2044
Cruisin' Tikis West Palm Beach LLC	Kyle Zorn and Ryan Etherton	927 Gardenia Dr. Delray Beach, FL 33438	West Palm Beach	FL	6	502-931-3074
Cruisin' Tikis West Palm Beach LLC	Kyle Zorn and Ryan Etherton	927 Gardenia Dr. Delray Beach, FL 33438	Islamorada	FL	2	502-931-3074
Cruisin' Tikis Transportation Services, LLC[1]	Karen Darby	635 NW 4th Avenue Fort Lauderdale, Florida 33311	Ft. Lauderdale	FL	3	877-554-5200
Tiki Time Rentals Inc	Nick Becker and Stacy Becker	127 SE 31st Street Cape Coral, FL 33904	Ft. Myers	FL	2	502-931-3074
Creek Cruises, LLC	Jim Weaver and Ashley Hangliter	696 Rockhold View Road Deale, MD 20751	Deale	MD	2	443-871-6168
Bahia Marina, Inc.	Shawn Harman	2107 Herring Way Ocean City, MD 21842	Ocean City	MD	3	443-497-0986
Cruisin Solomons, LLC	Ryan Crowley Gregory Reed	11205 Ruby Court Lusby, MD 20657	Solomons Island	MD	1	888-406-1716
Salty Pirate Tours, LLC	Scott Herrington Tania Herrington	1900 Old Mandeville Ln Mandeville, LA 70448	Bay St Louis	MS	1	305-504-3054
ENC Tikis LLC	Ken & Amanda Schwenke	617 Morris Ave. Bryn Mawr, PA 19010	Beaufort	NC	3	610-246-9831
Carolina Adventures LLC	Jeremy & Jennifer Timco and Derrick & Gennie Shelor	2650 Liberty Lane SW Supply, NC 28462	Holden Beach	NC	1	910-842-1809
Cruisin Tikis Long Beach Island, LLC	Mike Bishop	9 Lally Lane West Creek, NJ 08092	Long Beach Island	NJ	2	609-290-4210
Capt Bob's Tiki Cruises LLC	Robert Burcaw and Bob Rush	430 Woodbine Road Woodbine, NJ 08270	Margate	NJ	2	609-780-7824
MJ Charters LLC	Mike Bishop and Jeffrey Meelheim	9 Lally Lane West Creek, NJ 08092	Point Pleasant	NJ	2	609-290-4210
Capt Bob's Tiki Cruises LLC	Robert Burcaw and Bob Rush	430 Woodbine Road Woodbine, NJ 08270	Sea Isle	NJ	4	609-780-7824
Pittsburgh Tikis LLC	David McCue, Jason Ruhle and Joa Campise	80 Valley View Rd. Eighty Four, PA 15330	Pittsburgh	PA	3	833-744-8454
Cruisin' Tikis Charleston, LLC	Steve McManus	625 Antebellum Lane Mount Pleasant, SC 29464	Charleston	SC	2	843-452-9124
Cruisin Tikis Myrtle Beach	Steve Martin and Rebecca Martin	1973 Bay Rd. Milford, DE 11963	Myrtle Beach	SC	4	732-735-0922
JAB Boating, LLC	Justin Wiater	5790 Benders Ferry Road Mt. Juliet, TN 37122	Nashville	TN	3	917-678-7654
Lake Conroe Tikis LLC	Kristie Stefanik	18910 Shaw Road Cypress, TX 77429	Lake Conroe	TX	1	281-948-4611
R & R Lab LLC	Nanette and Oscar Romero	3110 Zapta Road Forney, TX	Lake Ray Hubbard	TX	1	304-433-9008
Oshkosh Tikis LLC	Joe and Tammy Lefeber	233 Oak Manor Drive Oshkosh, WI	Oshkosh	WI	1	920-203-3152

[1]This franchisee entity is an affiliate of the franchisor.

Franchisees who signed a Franchise Agreement but were not yet operational as of December 31, 2023

Company	Contact Person Name	Business Address	Operating City	Operating State	Number of Boats	Phone
Ship Faced Charters LLC	Jennell Johnson Gary Masden	207 Memosa Ave Colonial Beach, VA 22443	Colonial Beach	VA	1	540-287-1173

EXHIBIT H

LIST OF FORMER FRANCHISEES

List of Franchisees Who Have Left the System or Not Communicated with Franchisor as of December 31, 2023

Franchisee	City	State	Last Known Telephone Number	Reason for Leaving the System
Texas Tikis LLC[1]	Canyon Lake	TX	713-817-4103	Mutual termination
Cruisin' Tikis Transportation Services, LLC[2]	Ft. Lauderdale	FL	877-554-5200	Transfer

[1]This location terminated prior to opening.
[2]This franchisee is still a part of the franchise system.

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

EXHIBIT I

STATE ADDENDA AND AGREEMENT RIDERS

ADDITIONAL DISCLOSURES FOR THE FRANCHISE DISCLOSURE DOCUMENT OF CRUISIN' TIKIS INTERNATIONAL, INC.

The following are additional disclosures for the Franchise Disclosure Document of Cruisin' Tikis International, Inc. required by various state franchise laws. Each provision of these additional disclosures will only apply to you if the applicable state franchise registration and disclosure law applies to you.

FOR THE FOLLOWING STATES: CALIFORNIA, ILLINOIS, INDIANA, MARYLAND, MICHIGAN, MINNESOTA, NEW YORK, NORTH DAKOTA, RHODE ISLAND, SOUTH DAKOTA, VIRGINIA, OR WISCONSIN.

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

CALIFORNIA

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

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

2. SECTION 31125 OF THE FRANCHISE INVESTMENT LAW REQUIRES US TO GIVE YOU A DISCLOSURE DOCUMENT APPROVED BY THE COMMISSIONER OF BUSINESS OVERSIGHT BEFORE WE ASK YOU TO CONSIDER A MATERIAL MODIFICATION OF YOUR FRANCHISE AGREEMENT.

3. OUR WEBSITE, www.cruisintikis.com, HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF BUSINESS OVERSIGHT. ANY COMPLAINTS CONCERNING THE CONTENT OF THE WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION AT www.dbo.ca.gov.

4. California's Franchise Investment Law (Corporations Code sections 31512 and 31512.1) states that any provision of a franchise agreement or related document requiring

the franchisee to waive specific provisions of the law is contrary to public policy and is void and unenforceable. The law also prohibits a franchisor from disclaiming or denying (i) representations it, its employees, or its agents make to you, (ii) your ability to rely on any representations it makes to you, or (iii) any violations of the law.

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

Neither we, our parent, predecessor or affiliates nor any person in Item 2 of the Disclosure Document is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. Sections 78a et seq., suspending or expelling such persons from membership in that association or exchange.

6. The following statement is added to the Remarks column of Item 6 for the row entitled **Interest on Late Payment**:

The highest rate of interest allowed by California law is 10% annually.

7. The following paragraphs are added at the end of Item 17:

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

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

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

The Franchise Agreement requires application of the laws of the State of Florida. This provision might not be enforceable under California law.

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

The Franchise Agreement requires binding arbitration. The arbitration will be conducted at a location within 50 miles of our then-current principal place of business (currently, Broward County, Florida) with the costs being borne as provided in the Franchise Agreement. 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 restricting venue to a forum outside the State of California.

The Franchise Agreement requires you to sign a general release of claims upon renewal, transfer or termination of the Franchise Agreement. California Corporations Code Section 31512 provides that any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of that law or any rule or order thereunder is void. Section 31512 might void a waiver of your rights under the Franchise Investment Law (California Corporations Code Section 31000 – 31516). Business and Professions Code Section 20010 might void a waiver of your rights under the Franchise Relations Act (Business and Professions Code Sections 20000 – 20043).

Section 31512.1 of the California Corporations Code requires that any provision of the Franchise Agreement, Disclosure Document, acknowledgement, questionnaire, or other writing, including any exhibit thereto, disclaiming or denying any of the following shall be deemed contrary to public policy and shall be void and unenforceable: (a) representations made by the franchisor or its personnel or agents to a prospective franchisee; (b) reliance by a franchisee on any representations made by the franchisor or its personnel or agents; (c) reliance by a franchisee on the franchise disclosure document, including any exhibit thereto; or (d) violations of any provision of this division.

ILLINOIS

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

1. The summary section of Item 17(v), entitled **Choice of forum** is deleted in its entirety.

2. The summary section of Item 17(w), entitled **Choice of law** is deleted in its entirety and replaced by the following:

Except for the U.S. Federal Arbitration Act and other federal laws in the U.S., the laws of the State of Illinois apply.

The following paragraphs are added to the end of Item 17:

Section 4 of the Illinois Franchise Disclosure Act provides that any provision in a franchise agreement that designates jurisdiction or venue outside the State of Illinois is void. However, a franchise agreement may provide for arbitration outside of Illinois.

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

Your rights upon termination and non-renewal of a franchise agreement are subject to sections 19 and 20 of the Illinois Franchise Disclosure Act.

MARYLAND

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

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

However, any release required as a condition of renewal, sale, and/or assignment/transfer will not apply to claims or liability arising under the Maryland Franchise Registration and Disclosure Law.

2. The following is added to the end of the "Summary" section of Item 17(h), entitled **'Cause' defined – non-curable defaults**:

The Franchise Agreement provides for termination upon bankruptcy. This provision might not be enforceable under federal bankruptcy law (11 U.S.C. Sections 101 et seq.), but we will enforce it to the extent enforceable.

3. The following sentence is added to the end of the "Summary" sections of Item 17(v) entitled **Choice of forum** and 17(w) entitled **Choice of law**:

You may bring suit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

4. The following language is added to the end of the chart in Item 17:

You must bring any claims arising under the Maryland Franchise Registration and Disclosure Law within 3 years after the grant of the franchise.

MINNESOTA

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

1. **Liquidated Damages.** The Item 6 line item entitled "Liquidated Damages" will not be enforced to the extent prohibited by applicable law.

2. **Bad Payment Fee.** The following is added at the end of the chart in Item 6:

Notwithstanding the foregoing, the maximum late payment fee shall be $30 as governed by Minnesota Statute 604.113.

3. **Trademarks**. The following sentence is added to the end of Item 13:

Provided you have complied with all provisions of the Franchise Agreement applicable to the Marks, we will protect your rights to use the Marks and we also will indemnify you from any loss, costs or expenses from any claims, suits or demands regarding your use of the Marks in accordance with Minn. Stat. Sec. 80C.12 Subd. 1(g).

4. **Renewal, Termination, Transfer, Dispute Resolution and Releases.** The following is added at the end of the chart in Item 17:

With respect to franchises governed by Minnesota law, we will comply with Minn. Stat. Sec. 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) of the Franchise Agreement and 180 days' notice for non-renewal of the Franchise Agreement.

Minn. Stat. Sec. 80C.21 and Minn. Rule 2860.4400(J) prohibit us from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial or requiring you to consent to liquidated damages, injunctive relief, termination penalties or judgment notes. We may seek injunctive relief. Furthermore, a court will determine if a bond is required. In addition, nothing

in the Franchise Disclosure Document or Franchise Agreement can abrogate or reduce any of Franchisee's rights as provided for in the Minnesota Franchise Act, or your rights to any procedure, forum or remedies provided for by the laws of the jurisdiction. Those provisions also provide that no condition, stipulation or provision in the Franchise Agreement will in any way abrogate or reduce any of your rights under the Minnesota Franchises Law, including, if applicable, the right to submit matters to the jurisdiction of the courts of Minnesota.

Any release required as a condition of renewal, sale, and/or transfer/assignment will not apply to the extent prohibited by applicable law with respect to claims arising under Minn. Rule 2860.4400(D).

5. **Obligation to Participate in the Actual Operation of the Franchise Business**. The following is added as the second sentence in Item 15:

For Minnesota franchisees, your best efforts will be tempered by seasonal considerations and commercially reasonable hours of operation.

NEW YORK

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

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

INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT E OR YOUR PUBLIC LIBRARY FOR SOURCES OF INFORMATION. REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT NEW YORK STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS FRANCHISE DISCLOSURE DOCUMENT. IF YOU LEARN THAT ANYTHING IN THE FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND NEW YORK STATE DEPARTMENT OF LAW, BUREAU OF INVESTOR PROTECTION AND SECURITIES, 28 LIBERTY STREET, 21ST FLOOR, NEW YORK, NEW YORK 10005.

THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE FRANCHISE

DISCLOSURE DOCUMENT. HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS WHICH ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.

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

Except as provided above, with regard to us, our parent, affiliates, the persons identified in Item 2, or an affiliate offering franchises under our 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:

No person identified in Item 2, and no officer or general partner of franchisor, or any other individual who will have management responsibility relating to the sale or operation of franchises offered by this Disclosure Document have, during the 10-year period immediately before the date of the Disclosure Document: (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 U.S. 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 the "Summary" sections of Item 17(c), entitled **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.

5. The following is added to the end of the "Summary" section of Item 17(d), entitled **Termination by franchisee**:

You may terminate the Franchise Agreement on any grounds available by law.

6. The following is added to the end of the "Summary" section of Item 17(j), entitled **Assignment of contract by franchisor**:

However, to the extent required by applicable law, no assignment will be made except to an assignee who, in our good faith judgment, is willing and able to assume our obligations under the Franchise Agreement.

7. The following is added to the end of the "Summary" sections of Item 17(v), entitled **Choice of forum** and Item 17(w), entitled **Choice of law**:

However, the governing choice of law and choice of forum shall not be considered a waiver of any right conferred upon you by the provisions of Article 33 of the General Business Law of the State of New York.

NORTH DAKOTA

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

1. **Liquidated Damages.** The Item 6 line item entitled "Liquidated Damages" will not be enforced to the extent prohibited by applicable law.

2. The following language is added to the end of the "Summary" section of Item 17(r), entitled **Non-competition covenants after the franchise is terminated or expires**:

> Covenants not to compete such as those mentioned above are generally considered unenforceable in the State of North Dakota; however, we and you will enforce the covenants to the maximum extent the law allows.

3. The following language is added to the end of the "Summary" section of Item 17(u), entitled **Dispute resolution by arbitration**:

> To the extent required by the North Dakota Franchise Investment Law (unless such requirement is preempted by the Federal Arbitration Act), arbitration will be at a site to which we and you mutually agree.

4. The following language is added to the end of the "Summary" section of Item 17(v), entitled **Choice of forum**:

> However, subject to your arbitration obligation, and to the extent required by North Dakota Franchise Investment Law, you may bring an action in North Dakota.

5. The following language is added to the end of the "Summary" section of Item 17(w), entitled **Choice of law**:

> Except as otherwise required by North Dakota law, the laws of the state of Florida will apply.

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

> However, any release required as a condition of renewal, sale and/or assignment/transfer will not apply to any claims or liability arising under the North Dakota Franchise Investment Law.

RHODE ISLAND

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

1. The following language is added to the end of the "Summary" sections of Item 17(v), entitled **Choice of forum** and 17(w), entitled **Choice of law**:

> Section 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."

VIRGINIA

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

1. The following language is added to the end of the "Summary" section of Item 17(e), entitled **Termination by franchisor without cause**:

> Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any grounds for default or termination stated in the Franchise Agreement does not constitute "reasonable cause," as that term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, that provision may not be enforceable.

THE FOLLOWING PAGES IN THIS EXHIBIT ARE STATE-SPECIFIC RIDERS TO THE FRANCHISE AGREEMENT

RIDER TO THE
FRANCHISE AGREEMENT
FOR USE IN CALIFORNIA

THIS RIDER (this "**Rider**") is made and entered into by and between **CRUISIN' TIKIS INTERNATIONAL, INC.**, a Florida corporation with our principal business address at 635 NW 4th Avenue, Ft. Lauderdale, Florida 33311 ("we") and _____ a(n) _____, having its principal business address at _____ ("you").

1. **BACKGROUND**. We and you are parties to that certain Franchise Agreement dated _____, 20___ (the "Franchise Agreement"). This Rider is annexed to and forms part of the Franchise Agreement. This Rider is being signed because (a) the offer for sale of the franchise was made in California; or (b) the offer to buy the franchise was accepted in California; or (c) your Cruisin' Tikis business is or will be located in California and you are domiciled in California.

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

3. **GOVERNING LAW; CONSENT TO JURISDICTION**. For franchisees operating outlets located in California, the California Franchise Investment Law and the California Franchise Relations Act will apply regardless of the choice of law or dispute resolution venue stated elsewhere. Any language in the Franchise Agreement or any amendment thereto or any agreement to the contrary is superseded by this condition.

4. **COVENANT NOT TO COMPETE.** The Franchise Agreement contains a covenant not to compete which extends beyond the termination of the franchise. A contract that restrains a former franchisee from engaging in a lawful trade or business is to that extent void under California Business and Professions Code Section 16600.

[*Signature Page Follows*]

IN WITNESS WHEREOF, the parties have executed and delivered this Rider on the dates noted below, to be effective as of the Effective Date of the Franchise Agreement.

CRUISIN' TIKIS INTERNATIONAL, INC.	**FRANCHISE OWNER:**
	_____
By:_____	By:_____
Name:_____	Name:_____
Title:_____	Title:_____
Date*:_____	Date: _____
(*This is the Effective Date)	

RIDER TO THE
FRANCHISE AGREEMENT
FOR USE IN ILLINOIS

THIS RIDER (this "**Rider**") is made and entered into by and between **CRUISIN' TIKIS INTERNATIONAL, INC.**, a Florida corporation with our principal business address at 635 NW 4th Avenue, Ft. Lauderdale, Florida 33311 ("we") and _____

a(n) _____, having its principal business address at _____ ("you").

1. **BACKGROUND**. We and you are parties to that certain Franchise Agreement dated _____, 20___ (the "Franchise Agreement"). This Rider is annexed to and forms part of the Franchise Agreement. This Rider is being signed because (a) any of the offering or sales activity relating to the Franchise Agreement occurred in Illinois and your Cruisin' Tikis business will operate in Illinois, or (b) you are domiciled in Illinois.

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

3. **ILLINOIS LAW**. The following paragraphs are added to the end of the Franchise Agreement and supersede any conflicting provisions in the Franchise Agreement:

> Except for U.S. Federal Arbitration Act and other federal laws in the U.S., the laws of the State of Illinois will govern the Franchise Agreement.
>
> Section 4 of the Illinois Franchise Disclosure Act provides that any provision in a franchise agreement that designates jurisdiction or venue outside the State of Illinois is void. However, a franchise agreement may provide for arbitration in a venue outside of Illinois.
>
> Section 41 of the Illinois Franchise Disclosure Act provides that any condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act or any other law of Illinois is void.
>
> Your rights up on termination and non-renewal of a franchise agreement are subject to sections 19 and 20 of the Illinois Franchise Disclosure Act.

[*Signature Page Follows*]

IN WITNESS WHEREOF, the parties have executed and delivered this Rider on the dates noted below, to be effective as of the Effective Date of the Franchise Agreement.

CRUISIN' TIKIS INTERNATIONAL, INC.	**FRANCHISE OWNER:**
	_____
By:_____	By:_____
Name:_____	Name:_____
Title:_____	Title:_____
Date*:_____	Date: _____
(*This is the Effective Date)	

RIDER TO THE
FRANCHISE AGREEMENT
FOR USE IN MARYLAND

THIS RIDER (this "**Rider**") is made and entered into by and between **CRUISIN' TIKIS INTERNATIONAL, INC.**, a Florida corporation with our principal business address at 635 NW 4th Avenue, Ft. Lauderdale, Florida 33311 ("we") and _____

a(n) _____, having its principal business address at _____ ("you").

1. **BACKGROUND**. We and you are parties to that certain Franchise Agreement dated _____ __, 20_____(the "Franchise Agreement"). This Rider is annexed to and forms part of the Franchise Agreement. This Rider is being signed because (a) you are a resident of the State of Maryland, (b) your Cruisin' Tikis business will be operated in Maryland; or (c) any of the offering or sales activity relating to the Franchise Agreement occurred in Mayrland.

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

3. **MARYLAND LAW**. 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.

4. **RELEASES.** The following is added to the end of Sections 12.B ("Transfer By You"), 13 ("Your Right to Acquire A Successor Franchise"), and 15.B ("Transfer of Title and Our Right to Purchase Your Other Assets") of the Franchise Agreement:

> However, any release required as a condition of renewal, sale and/or assignment/transfer will not apply to any claims or liability arising under the Maryland Franchise Registration and Disclosure Law.

5. **TERMINATION**. The following sentence is added to the end of Section 14.B(12) of the Franchise Agreement:

> We and you acknowledge that certain aspects of this provision might not be enforceable under federal bankruptcy law (11 U.S.C. Sections 101 et seq.).

6. **CONSENT TO JURISDICTION/GOVERNING LAW**. The following sentence is added to the end of Section 18.G ("Governing Law") and Section 18.H ("Consent to Jurisdiction") of the Franchise Agreement:

> You may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.
>
> This franchise agreement provides that disputes are resolved through arbitration. A Maryland franchise regulation states that it is an unfair or deceptive practice to require a franchisee to waive its right to file a lawsuit in Maryland claiming a violation of the Maryland Franchise Law. In light of the Federal Arbitration Act, there is some dispute as to whether this forum selection requirement is legally enforceable.

7. **LIMITATIONS OF CLAIMS**. The following sentence is added to the end of Section 18.K of the Franchise Agreement:

> You must bring any claims arising under the Maryland Franchise Registration and Disclosure Law within 3 years after we grant you the franchise.

IN WITNESS WHEREOF, the parties have executed and delivered this Rider on the dates noted below, to be effective as of the Effective Date of the Franchise Agreement.

CRUISIN' TIKIS INTERNATIONAL, INC.	**FRANCHISE OWNER:**
	_____
By:_____	By:_____
Name:_____	Name:_____
Title:_____	Title:_____
Date*:_____	Date: _____

(*This is the Effective Date)

RIDER TO THE
FRANCHISE AGREEMENT
FOR USE IN MINNESOTA

THIS RIDER (this "**Rider**") is made and entered into by and between **CRUISIN' TIKIS INTERNATIONAL, INC.**, a Florida corporation with our principal business address at 635 NW 4th Avenue, Ft. Lauderdale, Florida 33311 ("we") and _____

a(n) _____, having its principal business address at _____ ("you").

1. **BACKGROUND**. We and you are parties to that certain Franchise Agreement dated _____, 20___ (the "Franchise Agreement"). This Rider is annexed to and forms part of the Franchise Agreement. This Rider is being signed because (a) you are a resident of the State of Minnesota; or (b) the your Cruisin' Tikis business will operate in Minnesota; or (c) any of the offering or sales activity relating to the Franchise Agreement occurred in Minnesota.

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

3. **NOTIFICATION OF INFRINGEMENTS AND CLAIMS**. The following sentence is added to the end of Section 8 of the Franchise Agreement:

> Provided you have complied with all provisions of this Agreement applicable to the Marks, we will protect your right to use the Marks and will indemnify you from any loss, costs or expenses arising out of any claims, suits or demands regarding your use of the Marks in accordance with Minn. Stat. Sec. 80C 12, Subd. 1(g).

4. **RELEASES.** The following is added to the end of Sections 12.B ("Transfer By You"), 13 ("Your Right to Acquire a Successor Franchise"), and 15.B ("Transfer of Title and Our Right to Purchase Your Other Assets") of the Franchise Agreement:

> Any release required as a condition of renewal, sale and/or assignment/transfer will not apply to the extent prohibited by the Minnesota Franchises Law.

5. **RENEWAL AND TERMINATION**. The following is added to the end of Section 13 ("Your Right to Acquire A Successor Franchise") and Section 14 ("Termination of Agreement") of the Franchise Agreement:

> However, with respect to franchises governed by Minnesota law, we will comply with Minn. Stat. Sec. 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 of non-renewal of this Agreement.

6. **OUR REMEDIES; LIQUIDATED DAMAGES**. The following language is added to the end of Section 15.C of the Franchise Agreement

> We and you acknowledge that certain parts of this provision might not be enforceable under Minn. Rule Part 2860.4400(J). However, we and you agree to enforce the provision to the extent the law allows.

7. **GOVERNING LAW**. The following statement is added at the end of Section 18.G of the Franchise Agreement:

Nothing in this Agreement will abrogate or reduce any of your rights under Minnesota Statutes Chapter 80C or your right to any procedure, forum or remedies that the laws of the jurisdiction provide.

8. **CONSENT TO JURISDICTION**. The following language is added to the end of Section 18.H of the Franchise Agreement:

Notwithstanding the foregoing, Minn. Stat. Sec. 80C.21 and Minn. Rule 2860.4400(J) prohibit us, except in certain specified cases, from requiring litigation to be conducted outside of Minnesota. Nothing in this Agreement will abrogate or reduce any of your rights under Minnesota Statutes Chapter 80C or your rights to any procedure, forum or remedies that the laws of the jurisdiction provide.

9. **WAIVER OF PUNITIVE DAMAGES, JURY TRIAL AND CLASS ACTION**. If and then only to the extent required by the Minnesota Franchises Law, Section 18.I of the Franchise Agreement is deleted.

10. **INJUNCTIVE RELIEF.** Section 18.J of the Franchise Agreement is deleted in its entirety and modified as follows:

> Nothing in this Agreement bars our right to obtain specific performance of the provisions of this Agreement and seek injunctive relief against conduct that threatens to injure or harm us, the Marks or the System, under customary equity rules, including applicable rules for obtaining restraining orders and preliminary injunctions. You agree that we may seek such injunctive relief. You agree that your only remedy if an injunction is entered against you will be the dissolution of that injunction, if warranted, upon due hearing, and

you hereby expressly waive any claim for damages caused by such injunction. A court will determine if a bond is required.

11. **LIMITATIONS OF CLAIMS**. The following is added to the end of Section 18.K of the Franchise Agreement:

; provided, however, that Minnesota law provides that no action may be commenced under Minn. Stat. Sec. 80C.17 more than 3 years after the cause of action accrues.

12. **CONSEQUENCES OF TERMINATION OR EXPIRATION OF THIS AGREEMENT**. Section 15(A)(3) of the franchise agreement is amended as follows:

you must immediately stop selling any products and services of any kind and in any manner from the Vessels and/or using the Marks, unless we direct you otherwise.

13. **OUR RIGHT TO PURCHASE YOUR OPERATING ASSETS**. Sections 3(E), 15(B), and 15(C) of the franchise agreement are amended by the addition of the following language:

These provisions may not enforceable under Minnesota law.

14. **NON-COMPLIANCE CHARGE**. The following language is added to the end of Section 3(E) of the franchise agreement:

These provisions are not enforceable under Minnesota law.

IN WITNESS WHEREOF, the parties have executed and delivered this Rider on the dates noted below, to be effective as of the Effective Date of the Franchise Agreement.

CRUISIN' TIKIS INTERNATIONAL, INC.	**FRANCHISE OWNER:**
	_____
By:_____	By:_____
Name:_____	Name:_____
Title:_____	Title:_____
Date*:_____	Date: _____

(*This is the Effective Date)

RIDER TO THE
FRANCHISE AGREEMENT
FOR USE IN NEW YORK

THIS RIDER (this "**Rider**") is made and entered into by and between **CRUISIN' TIKIS INTERNATIONAL, INC.**, a Florida corporation with our principal business address at 635 NW 4th Avenue, Ft. Lauderdale, Florida 33311 ("we") and _____ a(n) _____, having its principal business address at _____ ("you").

1. **BACKGROUND**. We and you are parties to that certain Franchise Agreement dated _____, (the "Franchise Agreement"). This Rider is being signed because (a) you are domiciled in the State of New York and your Cruisin' Tikis business will operate in New York, and/or (b) any of the offering or sales activity relating to the Franchise Agreement occurred in New York.

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

3. **RELEASES**. The following is added to the end of Sections 12.B ("Transfer By You"), 13 ("Your Right to Acquire a Successor Franchise"), and 15.B ("Transfer of Title and Our Right to Purchase Your Other Assets") of the Franchise Agreement:

> Notwithstanding the foregoing all rights enjoyed by you 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 to the extent required by the non-waiver provisions of GBL Sections 687.4 and 687.5, as amended.

4. **TRANSFER – BY US**. The following language is added to the end of Section 12.A of the Franchise Agreement:

> However, to the extent required by applicable law, no transfer will be made except to an assignee who, in our good faith judgment, is willing and able to assume our obligations under this Agreement.

5. **TERMINATION BY YOU**. The following language is added to the end of Section 14.A of the Franchise Agreement:

> You also may terminate this Agreement on any grounds available by law under the provisions of Article 33 of the General Business Law of the State of New York.

6. **GOVERNING LAW**. The following statement is added at the end of Section 18.G of the Franchise Agreement:

> This section shall not be considered a waiver of any right conferred upon you by the provisions of Article 33 of the New York State General Business Law, as amended, and the regulations issued thereunder.

7. **CONSENT TO JURISDICTION**. The following is added to the end of Section 18.H of the Franchise Agreement:

> This section shall not be considered a waiver of any right conferred upon you by the provisions of Article 33 of the New York State General Business Law, as amended, and the regulations issued thereunder.

IN WITNESS WHEREOF, the parties have executed and delivered this Rider on the dates noted below, to be effective as of the Effective Date of the Franchise Agreement.

CRUISIN' TIKIS INTERNATIONAL, INC.	**FRANCHISE OWNER:**
	_____
By:_____	By:_____
Name:_____	Name:_____
Title:_____	Title:_____
Date*:_____	Date:_____
(*This is the Effective Date)	

RIDER TO THE
FRANCHISE AGREEMENT
FOR USE IN NORTH DAKOTA

THIS RIDER (this "**Rider**") is made and entered into by and between **CRUISIN' TIKIS INTERNATIONAL, INC.**, a Florida corporation with our principal business address at 635 NW 4th Avenue, Ft. Lauderdale, Florida 33311 ("we") and _____ a(n) _____, having its principal business address at _____ ("you").

1. **BACKGROUND**. We and you are parties to that certain Franchise Agreement dated _____, (the "Franchise Agreement"). This Rider is being signed because (a) you are domiciled in the State of North Dakota and your Cruisin' Tikis business will operate in North Dakota, and/or (b) any of the offering or sales activity relating to the Franchise Agreement occurred in North Dakota.

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

3. **OUR REMEDIES; LIQUIDATED DAMAGES**. The following language is added to the end of Section 15.C of the Franchise Agreement:

> We and you acknowledge that certain parts of this provision might not be enforceable under North Dakota Franchise Investment Law. However, we and you agree to enforce the provision to the extent the law allows.

4. **EXCLUSIVE RELATIONSHIP DURING TERM**. The following language is added to the end of Section 10 of the Franchise Agreement:

> Covenants not to compete such as those mentioned above are generally considered unenforceable in the State of North Dakota; however, we and you will enforce the covenants to the maximum extent the law allows.

5. **ARBITRATION**. The following language is added to the end of Section 18.F of the Franchise Agreement:

> However, to the extent otherwise required by the North Dakota Franchise Investment Law (unless such requirement is preempted by the Federal Arbitration Act), arbitration shall be held at a site to which we and you mutually agree.

6. **GOVERNING LAW**. The following language is added to the end of the first sentence of Section 18.G of the Franchise Agreement:

Excpept as otherwise required by North Dakota law.

7. **CONSENT TO JURISDICTION**. The following language is added to the end of Section 18.H of the Franchise Agreement:

Notwithstanding the foregoing, to the extent required by the North Dakota Franchise Investment Law, and subject to your arbitration obligations, you may bring an action in North Dakota for claims arising under the North Dakota Franchise Investment Law.

8. **RELEASES.** The following is added to the end of Sections 12.B ("Transfer By You"), 13 ("Your Right to Acquire A Successor Franchise"), and 15.B ("Transfer of Title and Our Right to Purchase Your Other Assets") of the Franchise Agreement:

However, any release required as a condition of renewal, sale and/or assignment/transfer will not apply to any claims or liability arising under the North Dakota Franchise Investment Law.

9. **WAIVER OF PUNITIVE DAMAGES, JURY TRIAL AND CLASS ACTION**. To the extent required by the North Dakota Franchise Investment Law, the waiver of jury trial rights described in Section 18.I of the Franchise Agreement is deleted.

11. **LIMITATION OF CLAIMS**. The following language is added to the end of Section 18.K of the Franchise Agreement:

The statute of limitations under North Dakota law applies with respect to claims arising under the North Dakota Franchise Investment Law.

IN WITNESS WHEREOF, the parties have executed and delivered this Rider on the dates noted below, to be effective as of the Effective Date of the Franchise Agreement.

CRUISIN' TIKIS INTERNATIONAL, INC.	**FRANCHISE OWNER:**
	_____
By:_____	By:_____
Name:_____	Name:_____
Title:_____	Title:_____
Date*:_____	Date:_____
(*This is the Effective Date)	

RIDER TO THE
FRANCHISE AGREEMENT
FOR USE IN RHODE ISLAND

THIS RIDER (this "**Rider**") is made and entered into by and between **CRUISIN' TIKIS INTERNATIONAL, INC.**, a Florida corporation with our principal business address at 635 NW 4th Avenue, Ft. Lauderdale, Florida 33311 ("we") and _____ a(n) _____, having its principal business address at _____ ("you").

1. **BACKGROUND**. We and you are parties to that certain Franchise Agreement dated _____, 20____ (the "Franchise Agreement"). This Rider is annexed to and forms part of the Franchise Agreement. This Rider is being signed because (a) you are domiciled in Rhode Island and your Cruisin' Tikis business will be operated in Rhode Island; and/or (b) any of the offering or sales activity relating to the Franchise Agreement occurred in Rhode Island.

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

3. **CONSENT TO JURISDICTION / GOVERNING LAW**. The following language is added to the end of Sections 18.G ("Governing Law") and 18.H ("Consent to Jurisdiction") of the Franchise Agreement:

> Section 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." To the extent required by applicable law, Rhode Island law will apply to claims arising under the Rhode Island Franchise Investment Act.

[*Signature Page Follows*]

IN WITNESS WHEREOF, the parties have executed and delivered this Rider on the dates noted below, to be effective as of the Effective Date of the Franchise Agreement.

CRUISIN' TIKIS INTERNATIONAL, INC.	**FRANCHISE OWNER:**
	_____
By:_____	By:_____
Name:_____	Name:_____
Title:_____	Title:_____
Date*:_____	Date:_____
(*This is the Effective Date)	

NEW YORK REPRESENTATIONS PAGE

FRANCHISOR REPRESENTS THAT THIS FRANCHISE DISCLOSURE DOCUMENT DOES NOT KNOWINGLY OMIT ANY MATERIAL FACT OR CONTAIN ANY UNTRUE STATEMENT OF A MATERIAL FACT.

State Effective Dates

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

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

State	Effective Date
California	July 9, 2024, as amended _____, 2024
Hawaii	NOT REGISTERED
Illinois	June 12, 2024
Indiana	April 30, 2024
Maryland	Pending
Michigan	April 30, 2024
Minnesota	June 17, 2024
New York	July 30, 2024
North Dakota	June 21, 2024
Rhode Island	May 2, 2024
South Dakota	May 1, 2024
Virginia	Pending
Washington	NOT REGISTERED
Wisconsin	May 1, 2024

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

EXHIBIT J

RECEIPTS

RECEIPT
(OUR COPY)

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

If Cruisin' Tikis International, 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, or sooner if required by applicable state law. Under Iowa law, we must give you this Disclosure Document at the earlier of our 1st personal meeting or 14 calendar days before you sign an agreement with, or make a payment to us or an affiliate in connection with the proposed franchise sale. Under Michigan law, we must give you this Disclosure Document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first. Under New York law, we must provide this disclosure document at the earlier of the 1st personal meeting or 10 business days before you sign a binding agreement with, or make a payment to, us or an affiliate in connection with the proposed franchise sale.

If Cruisin' Tikis International, 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 law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the appropriate state agency identified on Exhibit A.

The franchisor is Cruisin' Tikis International, Inc., 635 NW 4th Avenue, Fort Lauderdale, Florida 33311, (877) 554-5200. The franchise seller for this offering is:

❑ Janie Armstrong
Director, Executive VP, and Secretary
Cruisin' Tikis International, Inc.
635 NW 4th Avenue
Fort Lauderdale, FL 33311
(877) 554-5200

❑ _____
Franchise Operations
Cruisin' Tikis International, Inc.
635 NW 4th Avenue
Fort Lauderdale, FL 33311
(877) 554-5200

❑ Name of Franchised Seller:
_____
Principal Business Address:
_____
_____

Issuance Date: April 30, 2024

See Exhibit A for our registered agents authorized to receive service of process.

I have received a Disclosure Document dated April 30, 2024, that included the following Exhibits:

Exhibit A -	State Administrators/Agents for Service of Process	Exhibit F -	Sample General Release
		Exhibit G -	List of Current Franchisees
Exhibit B -	Franchise Agreement	Exhibit H -	List of Former Franchisees
Exhibit C -	Vessel Purchase Agreement	Exhibit I -	State Addenda and Agreement Riders
Exhibit D-	Financial Statements	Exhibit J -	Receipts
Exhibit E -	Table of Contents to the Operations Manual		

PROSPECTIVE FRANCHISEE:

If a business entity:

_____
Name of Business Entity
Signature: _____
Title: _____
Print Name: _____

Dated: _____
(Do not leave blank)

If an individual:

_____
Print Name: _____

Dated: _____
(Do not leave blank)

Please sign this copy of the receipt, print the date on which you received this Disclosure Document, and return it, by mail to Cruisin' Tikis International, Inc., 635 NW 4th Avenue, Fort Lauderdale, Florida 33311, or by emailing it to janie@cruisintikis.com.

RECEIPT
(YOUR COPY)

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

If Cruisin' Tikis International, 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, or sooner if required by applicable state law. Under Iowa law, we must give you this Disclosure Document at the earlier of our 1st personal meeting or 14 calendar days before you sign an agreement with, or make a payment to us or an affiliate in connection with the proposed franchise sale. Under Michigan law, we must give you this Disclosure Document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first. Under New York law, we must provide this disclosure document at the earlier of the 1st personal meeting or 10 business days before you sign a binding agreement with, or make a payment to, us or an affiliate in connection with the proposed franchise sale.

If Cruisin' Tikis International, 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 law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the appropriate state agency identified on Exhibit A.

The franchisor is Cruisin' Tikis International, Inc., 635 NW 4th Avenue, Fort Lauderdale, Florida 33311, (877) 554-5200. The franchise seller for this offering is:

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Fort Lauderdale, FL 33311
(877) 554-5200

❑ _____
Franchise Operations
Cruisin' Tikis International, Inc.
635 NW 4th Avenue
Fort Lauderdale, FL 33311
(877) 554-5200

❑ Name of Franchised Seller:
_____
Principal Business Address:
_____
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Exhibit E -	Table of Contents to the Operations Manual	Exhibit J -	Receipts

PROSPECTIVE FRANCHISEE:

If a business entity:

_____
Name of Business Entity
Signature: _____
Title: _____
Print Name: _____

Dated: _____
(Do not leave blank)

If an individual:

_____
Print Name: _____

Dated: _____
(Do not leave blank)

PLEASE SIGN THIS COPY OF THE RECEIPT, PRINT THE DATE ON WHICH YOU RECEIVED THIS DISCLOSURE DOCUMENT AND KEEP IT FOR YOUR RECORDS.