Franchise Disclosure Document

of

Replay Holdings, LLC

FRANCHISE DISCLOSURE DOCUMENT

Replay Holdings, LLC
A Michigan Limited Liability Company
4225 Miller Rd. Box #226.
Flint, Michigan 48507
Email: franchising@discreplay.com
Phone (248) 514-6777

www.discreplay.com

The franchisee will operate an independent Replay Holdings (Disc Replay) retail outlet (a "Disc Replay Outlet" or "Disc Replay Store"). A Disc Replay Outlet specializes in buying and selling used movies, video games, music, electronics and related items, and in electronics repairs.

The total investment necessary to begin operation of a Disc Replay Outlet is from $319,500 to $800,500. This includes $30,000 to $43,000 that must be paid to the franchisor.

This Franchise Disclosure Document summarizes certain provisions of your Franchise Agreement and other information in plain English. Read the Franchise Disclosure Document and all accompanying agreements carefully. You must receive this Franchise Disclosure Document at least fourteen (14) calendar days before you sign a binding agreement with, or make any payments 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 Nick Leja, President, Replay Holdings, LLC, 4225 Miller Rd. Box #226. Flint, Michigan 48507 or franchising@discreplay.com; (248) 514-6777.

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

Buying a franchise is a complex investment. The information in this Disclosure Document can help you make up your mind. More information on franchising, such as *"A Consumer's Guide to Buying a Franchise,"* which can help you understand how to use this Franchise Disclosure Document, is available from the Federal Trade Commission. You can contact the FTC at 1-877-FTC-HELP or by writing to the FTC at 600 Pennsylvania Avenue, NW, Washington, 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: November 1, 2025

STATE COVER PAGES

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 Exhibits "E" and "F."
How much will I need to invest?	Items 5 and 6 list fees you will be paying to the franchisor or at the franchisor's direction. Item 7 lists the initial investment to open. Item 8 describes the suppliers you must use.
Does the franchisor have the financial ability to provide support to my business?	Item 21 or Exhibit "B" includes financial statements. Review these statements carefully.
Is the franchise system stable, growing, or shrinking?	Item 20 summarizes the recent history of the number of company-owned and franchised outlets.
Will my business be the only Disc Replay 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 Disc Replay franchisee?	Item 20 or Exhibits "E" and "F" list 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 consider. Review all 23 Items and all Exhibits in this Disclosure Document to better understand this franchise opportunity. *See* the table of contents.

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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 and for a period after the term of this 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 franchise 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 laws, that require 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 Disclosure 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 permits you to resolve disputes with the franchisor only by arbitration in the major city nearest where the franchisor's principal business address is then located. Currently, that would be Michigan. Out-of-state arbitration may force you to accept a less favorable settlement for disputes. It may also cost more to arbitrate with the franchisor in Michigan than in your own state.

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

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

4. **Limited Operating History**. The franchisor is at an early stage of development and has limited operating history. This franchise is likely to be a risker investment than a franchise in a system with a longer operating history.

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.

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<u>THE FOLLOWING PROVISIONS APPLY ONY TO TRANSACTION GOVERNED BY THE MICHIGAN FRANHISE INVESTMENT LAW</u>

ADDENDUM FOR 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 franchises.

(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 the Michigan Franchise Investment Law. This shall not preclude a franchisee, after entering into a franchise agreement, from settling any and all claims.

(c) A provision that permits a franchisor to terminate a franchise prior to the expiration of its term except for good cause. Good cause shall include the failure of the franchisee to comply with any lawful provision of the franchise agreement and to cure such failure after being given written notice thereof and a reasonable opportunity which in no event need be more than thirty (30) calendar days to cure such failure.

(d) A provision that permits a franchisor to refuse to renew a franchise without fairly compensating the franchisee by repurchase or other means for the fair market value at the time of expiration of the franchisee's inventory, supplies, equipment, fixtures, and furnishings. Personalized materials which have no value to the franchisor and inventory, supplies, equipment, fixtures, and furnishing not reasonably required in the conduct of the franchise business are not subject to compensation. This subsection applies only if: (i) the term of the franchise is less than five (5) years and (ii) the franchisee is prohibited by the franchise or other agreement from continuing to conduct substantially the same business under another trademark, service mark, trade name, logotype, advertising, or other commercial symbol in the same area subsequent to the expiration of the franchise or the franchisee does not receive at least six (6) months advance notice of franchisor's intent not to renew the franchise.

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

(f) A provision requiring that arbitration or litigation be conducted outside this state. This shall not preclude the franchisee from entering into an agreement, at the time of arbitration, to conduct arbitration at a location outside this state.

(g) A provision which permits a franchisor to refuse a transfer of ownership of a franchise, except for good cause. This subdivision does not prevent a franchisor from exercising a right of first refusal to purchase the franchise. Good cause shall include, but is not limited to:

(i) Failure of the proposed transferee to meet the franchisor's then current reasonable qualifications or standards.

(ii) The fact that the proposed transferee is a competitor of the franchisor or sub-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 to a franchisor a right of first refusal to purchase the assets of a franchise on the same terms and conditions as a bona fide third-party willing and able to purchase those assets, nor does this subdivision prohibit a provision that grants the franchisor the right to acquire the assets of a franchise for the market or appraised value of such assets if the franchisee has breached the lawful provisions of the franchise agreement and has failed to cure the breach in the manner provided in subdivision (c).

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

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

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

Any questions regarding the notice of this notice should be directed to:

State of Michigan Consumer Protection Division
Attn: Franchise
670 G. Mennen Wiliams Building
525 W. Ottawa Street
Lansing, MI 48909
(517) 373-7117

Despite subparagraph (f) above, we intended to enforce fully the provisions of the arbitration section contained in our Franchise Agreement. We believe that subparagraph (f) is unconstitutional and cannot preclude us from enforcing out arbitration provisions. You acknowledge that we will seek to enforce those provisions as written.

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REPLAY HOLDINGS, LLC
FRANCHISE DISCLOSURE DOCUMENT

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Item 1. THE FRANCHISOR, AND ANY PARENTS, PREDECESSORS AND AFFILIATES

To simplify the language in this Franchise Disclosure Document, the "Company," the "Franchisor," "we," "our" or "us" means Replay Holdings, LLC, the franchisor. "You" means the person who buys the franchise, the franchisee. If the franchisee is a corporation, limited liability company, partnership or other entity, "you" includes the franchisee's owners by virtue of our requirement that all of the franchisee's owners personally guarantee, and be personally bound by, the franchisee's obligations under the Franchise Agreement and the other agreements described in this Franchise Disclosure Document. To fully understand all of your and our respective rights and obligations, you must still carefully review the actual agreements you must execute. These agreements will control if there is any dispute between us.

The Franchisor and any Parent

We are a limited liability company formed under the laws of Michigan on February 29, 2024. We do business under our corporate name and the trade names "Disc Replay" and "Mega Replay". Since February 29, 2024, our principal business address has been 4225 Miller Rd, Box #226, Flint, Michigan 48507. We are not engaged in any business other than the franchising of Disc Replay Outlets. The former franchisor of the Disc Replay franchised system was Disc Replay Worldwide, Inc., an Arizona corporation ("DRWI"). We purchased substantially all of DRWI's operating assets (including the Disc Replay franchised system) on April 24, 2024, through an Asset Purchase Agreement and related transaction documents. We have been offering Disc Replay Outlet franchises since November 1, 2025. Formerly, DRWI had been offering Disc Replay Outlets franchises since in September 2007. Formerly, DRWI offered Super Mega Replay Outlet franchises since April of 2012. We have never offered franchises in any other line of business.

We do not have any parent company.

The Franchisor's Predecessors and Affiliates

We have no predecessors or affiliates. The former franchisor of the Disc Replay franchised system was DRWI. We purchased substantially all of DRWI's operating assets (including the Disc Replay franchised system) on April 24, 2024, through an Asset Purchase Agreement and related transaction documents. We do not directly operate any Disc Replay Outlets.

The Franchisor's Business and the Franchises Offered

Currently, we offer only one (1) type of franchise - Disc Replay franchised outlets (which includes Mega Replay franchised outlets) (referred to herein as an "Outlet" or "Store" in the singular or "Outlets" or "Stores" in the plural). Prior to April 24, 2024, DRWI also offered Super Mega Replay franchised outlets.

Disc Replay Outlets

Disc Replay franchisees will operate a retail business under the name "Disc Replay" or "Mega Replay" specializing in buying and selling used movies, video games, music, electronics, and related items, and in electronics repairs. We determine which name you will use for your Store. "Electronics" includes digital cameras, e-readers, flat screen televisions, iPads, iPods, Blu Ray players, and other electronic products that have consumer entertainment use.

The Market and Competition

The Outlet targets its services to the general public. We are a small company, and you will be competing against larger companies. As a small franchisor, we do not have the same resources and capabilities of a larger franchisor. This could put you at a competitive disadvantage, could be a significant risk factor and should be carefully considered before entering into a Franchise Agreement with us.

You may have to compete with other businesses including franchised operations, national chains, and independently owned companies and internet sites offering similar products and services to customers. The market for entertainment products, electronics, and household goods is highly and intensely competitive. Your competition may deliver products and services via alternative distribution channels, which may put you at a competitive disadvantage. You will also face other normal business risks that could have an adverse effect on your Outlet. These may include industry developments, such as pricing policies of competitors, supply and demand, and technology developments that may make our products and services obsolete. You should understand that your investment in a Disc Replay Store is a speculative investment involving substantial risk. If you are not comfortable with taking substantial risk, you should not purchase a Disc Replay franchise.

Laws Applicable to the Franchised Business

You must comply with the laws that apply generally to all businesses. There may be laws that place restrictions on the sale of used merchandise. Some states and municipalities regulate and charge fees to stores that sell used merchandise. We recommend that you comply with the same reporting requirements to which pawn shops are subject. In addition, laws may be enacted or changed in the future, which may apply to your business. You should investigate these state and municipal laws before you open your business and continue monitoring new or revised laws in the future.

As a franchisee, you may be subject to general business, employment and other laws and regulations. You should consult with your attorney and local, state and federal government agencies before buying your franchise to determine all legal requirements and consider their effects on you and cost of compliance. It is your sole responsibility to investigate, satisfy and remain in compliance with all local, state and federal laws, since they vary from place to place and can change over time.

Other Disclosures

We have engaged and may in the future engage independent business brokers and/or franchise sales referral agents to assist us in finding prospective franchisees in certain geographic areas and we may grant these brokers or agents a percentage of the initial franchise fee and/or a percentage of the ongoing royalty we receive from a franchisee referred by the broker or agent. We may also on occasion pay a referral fee to an existing franchisee who refers a franchisee to us if the referred person signs a Franchise Agreement. The referral fee we pay to an existing franchisee may be a fixed amount, a percentage of the initial franchise fee and/or a percentage of the ongoing royalty paid by the new franchisee. In all cases, we retain the sole right to approve you or any other franchise candidate, and no independent business broker, franchise sales referral agent or franchisee has any right to grant you a franchise.

This Franchise Disclosure Document sets forth the terms on which we currently offer Disc Replay Franchises. We may have offered franchises individually or under multi-unit development agreements in the past, or may currently offer franchises in other states or countries, on economic and/or other terms which differ from those offered by this Franchise Disclosure Document and there may be instances where we have varied, or will vary, the terms on which we offer franchises to suit the circumstances of a particular transaction. We strongly urge you to carefully review all documents with an independent advisor, such as a lawyer and/or accountant, who can provide legal, business and/or economic guidance.

We retain the right, in our business judgment, to award, or not award, a franchise to you, regardless of the stage of the franchise award process, costs expended by you or otherwise.

You should understand that every detail of your franchise will be important not only to you, but to us and to all franchisees in order to: (a) maintain high and uniform operating standards based on our core operating values; (b) increase the demand for the products and services sold by our franchises; and (c) maintain a reputation for offering uniform and high-quality products and services, ethical business practices and integrity. A fundamental requirement of your joining and remaining part of the franchised system for Disc Replay franchisees ("System" or "Replay System") will be your commitment to the operation of your Outlet consistent with the then-current Replay System standards. During the term of the franchise agreement, you must, at all times, develop and operate your Outlet in compliance with all Replay System standards, as we may modify them from time to time in the future.

Agents for Service

Our agents for service of process are disclosed in Exhibit "A."

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Item 2. <u>BUSINESS EXPERIENCE</u>

<u>Nick Leja: President</u>

From February 29, 2024, to present, Mr. Leja has been President of Replay Holdings, LLC. He is also a member of the limited liability company. Mr. Leja, through separate entities, is also a Disc Replay franchisee operating franchised Disc Replay franchisees in Michigan and Indiana. Prior to becoming our President, Mr. Leja was a franchisee for several brands, including Disc Replay, Plato's Closet, European Wax Center, My Salon Suite, and Superior Fence and Rail.

<u>Nathan Abner: National Operations Manager</u>

From February 29, 2024, to the present, Mr. Abner has been our National Operations Manager. He is also a member of the limited liability company. Prior to his engagement with us, Mr. Abner operated as a franchise operations consultant for DRWI. Mr. Abner, through separate entities, is also a Disc Replay franchisee and Super Mega Replay franchisee. From May 2009 to the present, he has had ownership interests in various entities that own and operate twelve (12) Disc Replay Outlets and a Super Mega Replay Outlet.

<u>Jesse Hayes: Brand Development Manager</u>

From February 29, 2024, to the present, Mr. Hayes has been our Brand Development Manager. He is also a member of the limited liability company. Mr. Hayes, through separate entities, is also a Disc Replay franchisee, and has ownership interests in various entities that own and operate six (6) Disc Replay Outlets.

<u>Chad Capista: Real Estate Development Manager</u>

From February 29, 2024, to the present, Mr. Capista has been our Real Estate Development Manager. He is also a member of the limited liability company. Prior to his engagement with us, Mr. Capista has been a multi-unit operator for the European Wax Center franchise system and a Real Estate Development Manager for North American Wax Company, LLC. Mr. Capista, through separate entities, is also a Disc Replay franchisee and currently has ownership interests in various entities that own and operate eleven (11) Disc Replay Outlets.

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Item 3. <u>LITIGATION</u>

Tapp, LLC v. Disc Replay Worldwide Inc., Disc Replay Worldwide. Inc., and Replay Holdings, LLC, United States District Court for the Southern District of Iowa (Central Division), Case No. 4:25-cv-144

On April 18, 2025, a former consultant and software developer engaged by DRWI filed this action against DRWI and us alleging breach of a consulting agreement, misappropriation of trade secrets, conversion and seeking a declaratory judgment on its claims. The plaintiff seeks an unspecified amount of compensatory damages, punitive damages, attorneys' fees and costs, and interest. The plaintiff alleges that the defendants breached the consulting agreement by terminating the agreement on May 1, 2024, and by allegedly creating derivative software from materials plaintiff claims to have developed pursuant to the consulting agreement. The defendants believe the claims lack legal or factual merit and will vigorously defend against such claims.

Except as set forth above, no litigation is required to be disclosed in this Item.

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Item 4. __BANKRUPTCY__

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

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Item 5. <u>INITIAL FEES</u>

You must pay us an initial franchise fee of $30,000 when you sign your Franchise Agreement for a Disc Replay franchise. For each subsequent Store you open, you will pay an initial franchise fee of $15,000.

If you do not, within nine (9) months of the date of your franchise agreement, sign a lease or otherwise acquire a site that we approve, we may terminate your franchise agreement and refund you ½ of the initial franchise fee. The initial franchise fee is not refundable, either in whole or in part, under any other circumstances.

You do not pay us or our affiliate any other fees or payments for services or goods before your business opens.

Our franchise fees have been increased during our latest fiscal year and are higher than those previously offered by DRWI.

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Item 6. <u>OTHER FEES</u>

Type of Fee	Amount	Due Date	Remarks
Royalty Fee	2.5% of Gross Sales (Note 1)	Due on the 10th of each month	
Buying Blitz & Grand Opening Advertising	At least $20,000 in Buying Blitz & Grand Opening Advertising (local) within the first 10 weeks after the opening of your Outlet	Paid to Vendors, which may be specified by us	Paid to Vendors, which may be specified by us
Local Advertising (after Grand Opening Advertising)	$3,000/month	Due on the 10th of each month (or as specified by vendors). We may specify specific Vendors to provide local advertising services.	Monthly expenditure spent by you on local advertising. (*see* Item 11).
Regional Co-operative Advertising	Determined by cooperative; not to exceed $1,500 per month	Determined by cooperative.	Franchisees, company-owned and/or affiliate-owned Stores may form an advertising cooperative and establish regional advertising fees (up to a maximum of $1,500). You must participate in any cooperative which has been formed. Payments for regional co-operative advertising will be applied to satisfy Local Advertising requirement.

Type of Fee	Amount	Due Date	Remarks
National Advertising	1% of Gross Sales per Outlet per month to be determined at a later date by us. (*see* Note 1)	Due on the 10th of each month	To be determined in the future, we reserve the right to implement a National Advertising Fee.
Initial Training for Additional Persons	$200 per person per day (*see*, Note 2)	As incurred	Training for 2 people is included in the Initial Franchise Fee.
Additional Assistance at Your Location	$500 per day (2 day minimum) plus travel and living expenses (*see* Note 3)	As incurred	Additional charges only incurred for at-location assistance beyond the initial training.
Technology Maintenance and Support Fee	Currently $200 per month, may be raised up to $300 per month	Due on the 10th of each month.	This fee is charged for maintaining and supporting our proprietary software.
Administrative Technology Fees	Varies based on number of user accounts or transactions	Due on the 10th of each month.	Fee for centralized technology, software subscriptions and administrative support services (such as company email accounts, training, accounting tools, and related services).
Transfer Fee	$0 - $9,500 (*see* Note 4)	Prior to acceptance of a permitted transfer	Payable before you sell or otherwise transfer your franchise with our approval.

Type of Fee	Amount	Due Date	Remarks
Audit	Cost of audit plus 1% interest per month on delinquent fees.	30 days after billing	We pay all audit costs unless the audit shows an understatement of at least 2% of Gross Sales for any month, or because the audit is required due to your failure to submit required reports.
Interest	1% per month	30 days after due date	You must pay interest on late payments in the amount of 1% per month, or the maximum interest rate allowed by applicable law, whichever is lower.
Franchise Renewal Fee	$10,000	30 days prior to renewal	Initial franchise term is 10 years. The renewal term is 10 years.
Insurance Policies (*see* Note 5)	Will vary by location	Monthly	You must purchase insurance coverage as required by us. The required insurance coverage may be set forth in the Manual (as defined below). If you fail to pay the premiums, we have the right to pay them and you must reimburse us.
Conference Fee	Varies	30 days after billing	We may charge you a conference fee to cover our expenses in conducting conferences.
Marketing Materials	Our duplication costs, plus shipping and handling	30 days after billing	You will receive one sample of each item of marketing materials. If you want additional copies, you must purchase them. *See* Item 11.
Attorneys' Fees and Costs	Varies	As incurred	Payable to us if we prevail in any action against you.
Fee for Non-Compliance with Franchise Agreement	$100 per day	Upon demand	*See* Note 6 below

<u>Notes</u>:

(1) "<u>Gross Sales</u>" means all receipts derived from services performed or products sold by you, whether the receipts are evidenced by cash, credit, checks, gift certificates, scrip, coupons, services, property, or other means of exchange. Gross Sales excludes only sales tax receipts that you must by law collect from customers and that you actually pay to the government, promotional or discount coupons to the extent that you realize no revenue, and employee receipt of services or products, if free, or any portion not paid for by an employee.

(2) Training for you and your Manager is included in the Initial Franchise Fee. Additional charges are only applied if you choose to train more than 2 people. Training fees can be increased or decreased by us at any time in our discretion.

(3) Ongoing assistance by telephone is included. We will charge you the Additional Assistance fee only if you require additional assistance at your location. Fees for additional assistance can be increased or decreased by us at any time in our discretion.

(4) No Transfer Fee is required if you transfer your Outlet to an entity in which you are the majority equity owner, or if you transfer the Outlet to your child (birth or adoption), parent, sibling, or spouse. You must pay a Transfer Fee of $2,500 if you transfer the Outlet to another franchisee of ours. In all other cases, you must pay a Transfer Fee of $9,500.

(5) You must maintain insurance policies in amounts as specified by us. The required insurance coverage may be set forth in the Manual. Insurance coverage must include general liability, combined single limit, bodily injury and property damage insurance for premises operations, products liability, and all other occurrences against claims of any person, employee, customer, agent, or otherwise.

(6) You must pay a $100 per day fee if you are in default of your franchise agreement, including failure to submit reports or non-compliance with operating standards. This fee does not limit or serve as a waiver of our rights and remedies under the franchise agreement.

(7) All fees are uniformly imposed by and payable to us (except for local advertising you conduct or payments you make for regional cooperative advertising), are fully earned when paid, and are non-refundable.

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Item 7. <u>ESTIMATED INITIAL INVESTMENT</u>

YOUR ESTIMATED INITIAL INVESTMENT

<u>Disc Replay Outlet</u>

Category of Investment	**Amount (Low)**	**Amount (High)**	**Method of Payment**	**When due**	**To whom paid**
Initial Franchise Fee (*see* Note 1)	$30,000	$30,000	Lump Sum	*See* Note 1	Us
Travel and Living Expenses	$2,500	$7,500	As incurred	During training	Airlines, Hotels, Outlets, *etc.*
Rent or Real Estate and Improvements (*see* Note 2)	$20,000	$150,000	As determined by Landlord	Prior to opening	Landlord
Furniture & Fixtures	$40,000	$90,000	As determined by Vendors	Prior to opening or as arranged with Vendors	Vendors
Signage	$10,000	$30,000	As determined by Vendors	Prior to opening or as arranged with Vendors	Vendors
Equipment	$22,000	$45,000	As determined by Vendors	Prior to opening or as arranged with Vendors	Vendors
Miscellaneous Opening Costs (*see* Note 3)	$5,000	$8,000	As incurred	Prior to opening	Suppliers, Utilities, *etc.*
Opening Inventory (*see* Note 4)	$120,000	$280,000	As incurred	Prior to opening	Approved Suppliers

Category of Investment	Amount (Low)	Amount (High)	Method of Payment	When due	To whom paid
Buying Blitz & Grand Opening Advertising	$30,000	$50,000	As incurred	Prior to opening and during first 3 months	Distribution Service and Media
Computer Equipment	$10,000	$30,000	As determined by Vendors	Prior to opening or as arranged with Vendors	Us; Vendors
Additional Funds for Initial 3 Months (*see* Note 5)	$30,000	$80,000	As incurred	As incurred	Employees, Suppliers, Utilities
TOTALS (*see* Note 6)	**$319,500**	**$800,500**			

The chart above describes the estimated initial investment for a single Disc Replay Outlet of approximately 2,200-7,000 square feet.

__Notes__:

(1) Your Initial Franchise Fee will be payable when you sign the franchise agreement and is fully earned upon payment. If you do not, within nine (9) months of the date of the franchise agreement, sign a lease or otherwise acquire a site that we approve, we may terminate your franchise agreement and refund you ½ of the initial franchise fee. The initial franchise fee is not refundable, either in whole or in part, under any other circumstances.

(2) If you do not own adequate property, you must lease the property for your Outlet. Generally, this will include first and last months' rent, plus a security deposit. Your owners may also be required to personally guarantee any lease obligations. Typical locations for Outlets are strip malls, power centers, or commercial streets with moderate traffic and freestanding buildings. The typical size of an Outlet is 3,000 – 7,000 square feet. The terms and conditions of all agreements relating to the purchase, lease, and alteration of the property will be negotiated solely by you; *however*, we require you to include certain lease provisions. The costs will vary widely and may be significantly higher than projected in this table depending on such factors as property location, population density, economic climate, prevailing interest rates and other financing costs, conditions of the property and extent of alterations required for the property. You should investigate all of these costs in the area where you wish to establish an Outlet.

(3) Includes other deposits, utility costs, telephone, Internet, and communications costs and incorporation fees.

(4) You must purchase an initial inventory of movies, video games, music, electronics, and entertainment related items. The inventory is all used items that you buy from persons who sell to you for cash.

(5) This estimates your initial start-up expenses for an initial three (3) month period, not including payroll costs, and does not include any revenue generated by the operation of your business. These figures are estimates and we cannot guarantee that you will not have additional expenses starting your business. You should not assume that you will break even by the end of the initial period of operations, and you may need amounts in excess of the estimated amounts before your business breaks even (if ever). We advise you not to purchase our franchise if you are not ready to accept that risk.

Your expenses will depend on factors such as your management skill, experience and business acumen, local economic conditions (*e.g.*, the local market for our products or services), the prevailing wage rate, competition, the number of hours you work in the Store each week, and the sales level reached during the initial period.

(6) We relied on our years of experience (including as franchisees) in the industry to compile these estimates (*see*, Item 1). You should review these figures carefully with a business advisor before making any decision to purchase the franchise. We do not provide financing arrangements for you (*see*, Item 10). If you obtain financing from others to pay for some or all of the expenditures necessary to establish and operate the franchise, the cost of financing will depend on your creditworthiness, collateral, lending policies, financial condition of the lender, regulatory environment, and other factors.

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Item 8. RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

General

We require that you establish and operate your franchised Outlet in compliance with your franchise agreement. You must strictly follow our product and service specifications as provided to you in writing from time to time, including such product and service specifications set forth in our Operations/Training Manual (the "Manual"), which we may modify from time to time. We reserve the right to require you to use an electronic version of the Manual and to require you to access the Manual using the Internet or an intranet created and supported by us. Our standards and specifications have been prescribed in order to maintain a uniform standard of high quality, value, customer recognition, advertising support and availability to be furnished to the public in connection with our Marks. In operating the Outlet, all products and supplies must conform to our standards and specifications. In the future, we may modify our product specifications.

Required Purchases

You must utilize certain proprietary software that we own. Additionally, we may require that you purchase the displays and counters used in your Outlet from our approved or designated suppliers and we may designate specific vendors to assist you with your grand opening advertising obligations. We reserve the right in the future to require you to purchase other products or services from us or our designees. If we do so, we or our designees may derive revenue and profits from said purchases. We also have the right to impose a surcharge on approved suppliers.

There are no other categories of goods and services which we are approved suppliers or the only approved suppliers. However, we reserve the right to require you to purchase additional items from us or our designated sources in the future. We may derive revenue or other material consideration for your purchases from us or our designated source in the future.

We estimate that the cost of the displays and counters that must be purchased in accordance with our specifications will represent approximately 20% of your total purchases in connection with the establishment of your business. We estimate that such expenditures will represent 2% of your ongoing expenses, unless you elect to purchase additional or replacement displays and counters.

Although we currently do not receive revenue or other material consideration from any third-party suppliers as a result of purchases by you or any other franchisee, we retain the right to do so in the future. In our most recent fiscal year ended December 31, 2024, we have received no revenue or other material consideration, either directly or indirectly, as a result of franchisees' purchases of goods and/or services.

There are no approved suppliers in which any of our officers or any officers of an affiliate, or a director of either Franchisor or of an affiliate, has an ownership interest.

Approval of Other Suppliers

If you would like to purchase these items from another supplier, you may request our "Supplier Approval Criteria and Request Form." Based on the information and samples you supply to us, we will test the items supplied and review the proposed supplier's business reputation, delivery performance, credit rating and other information. This approval criteria is available to you upon request. We expect to complete our review and advise you of our decision within sixty (60) days after you submit the required information. We reserve the right to review and revoke our approval of any items or suppliers. You acknowledge and agree that we may revoke our approval of any item, service or supplier at any time and in our sole discretion by notifying you and/or the supplier.

We have no purchasing or distribution cooperatives as of the date of this Franchise Disclosure Document. We may negotiate purchase arrangements with other suppliers and distributors for the benefit of our franchisees in the future and we may receive rebates or volume discounts from our purchase of products that we resell to you. We do not provide or withhold material benefits to you (such as renewal rights of the right to open additional Franchised Businesses) based on whether or not you purchase through the sources we designate or approve, *however*, purchases of unapproved products from unapproved suppliers in violation of your franchise agreement will entitle us, among other things, to terminate the franchise agreement.

Computer Equipment

A Point-of-Sale computer system (the "POS System") is part of the standard equipment necessary to open your franchised Outlet. For the hardware, we furnish you the specifications for the components, and you purchase them from any vendor that can meet those specifications. We will assist you in the layout and components of your POS system.

You must utilize certain proprietary software that we own. We will provide you ongoing support, maintenance and upgrades, at your cost. We reserve the right to designate a third-party supplier for the POS System at any time.

Insurance

You must, at all times, maintain insurance as follows:

A. Workers' compensation insurance in amounts prescribed by law in your territory;

B. Fire and lightening, extended coverage, theft, vandalism and malicious mischief, flood (if the Outlet is in a Designated Flood Hazard Area), and sprinkler leakage insurance on the Outlet and all fixtures, equipment, supplies and other property used in the operation of the Outlet, for not less than 100% of the replacement value of the same, except that an appropriate deductible clause will be permitted;

C. Comprehensive general liability insurance and product liability insurance coverage in such amounts and upon such terms as may from time to time be customary for a business located in your Territory, but not less than $2,000,000 per occurrence, insuring both you and us against all claims, suits, obligations, liabilities and damage, including attorneys' fees, based upon or arising out of actual or alleged personal injuries or property damage relating to the use or condition of the Outlet;

D. Cyber-crimes, risks, and liability coverage with limits of at least $1,000,000 per each occurrence; and

E. Such additional insurance as may be required by the terms of any lease or mortgage for the Outlet or as otherwise designated by us.

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Item 9. FRANCHISEE'S OBLIGATIONS

This table lists your principal obligations under the franchise agreement 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 Franchise Agreement**	**Item in Disclosure Document**
A.	Site selection and acquisition/lease if any	Sections 8.02 & 10.02	Item 11
B.	Pre-opening purchases/leases	Sections 10.02	Item 11
C.	Site development and other pre-opening	Sections 10 & 12	Item 11
D.	Initial and ongoing training	Sections 8.04 & 8.05	Item 11
E.	Opening	Section 8.06	Not applicable
F.	Fees	Section 5	Items 5, 6, & 7
G.	Compliance with standards and policies/Manual	Sections 7.04, 12.02, 12.03	Item 11
H.	Trademarks and proprietary information	Sections 6 & 7	Items 13 & 14
I.	Restrictions on Products and services offered	Sections 8.03 & 12.06	Items 8 & 16
J.	Warranty and customer service requirements	Not applicable	Not applicable
K.	Territorial development and sales quotas	Section 4 and Attachment I	Items 11 & 12
L.	Ongoing Product and service purchases	Section 12	Items 8 & 16
M.	Maintenance, appearance and remodeling requirements	Sections 10.01, 10.04, 12.02 & 12.03	Not applicable
N.	Insurance	Section 12.08	Item 8
O.	Advertising	Section 9	Item 11
P.	Indemnification	Section 12.13	Not applicable
Q.	Owner's participation/management staffing	Sections 12.04	Item 15
R.	Records and reports	Sections 7 & 11	Not applicable
S.	Inspection and audits	Sections 11.01 & 12.05	Not applicable
T.	Transfer	Section 14	Item 17
U.	Renewal	Section 3	Item 17
V.	Post-termination obligations	Sections 13.03 & 13.04	Item 17
W.	Non-competition covenants	Section 16.01	Item 17
X.	Dispute resolution	Section 17	Item 17

Item 10. <u>FINANCING</u>

We do not offer direct or indirect financing. We do not guarantee your note, lease or other obligations to other parties. We do not receive any direct or indirect payments or other consideration from any person for any placement of financing with any lender.

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Item 11. FRANCHISOR'S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS AND TRAINING

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

We may delegate to a third-party some or all of our pre-opening and ongoing services/obligations as described in this Item 11.

Before you commence operating your Outlet, we will:

1. Within thirty (30) days of signing the franchise agreement, designate your Protected Territory in writing and approve, if it meets our standards and specifications for approval, the location selected solely by you to be used for the operation of the Outlet (*see* Sections 4 and 10 of the franchise agreement).

2. Grant you access to the confidential Manual on our platform, which contains mandatory and suggested specifications, standards, operating procedures and rules. The Manual is confidential and remains our property. We may modify the Manual from time to time, but the modification will not alter your fundamental status and rights under the franchise agreement (*see* Section 7.04 of the franchise agreement). We have included a copy of the Table of Contents of our Manual as Exhibit "G" to this Franchise Disclosure Document.

3. Provide advice about selecting and analyzing a site for the Outlet. Your site for a Disc Replay or Mega Replay Store must be at least 3,000 square feet. Site selection is your responsibility but we will assist you in the location selection process by considering population density, traffic patterns, and proximity of the proposed site to other Disc Replay Outlets or Super Mega Replay Outlets or any other reasonable criteria. Our assistance with site selection and our approval of your site in no way constitute a representation or warranty with respect to the property (*see*, Section 8.02 of the franchise agreement).

4. Provide advice about the negotiation of the lease or purchase of a location for your business, which will be leased or purchased by you from independent third-parties. Our assistance in no way constitutes a representation or warranty with respect to the lease or purchase (*see*, Sections 10.02 and 10.03 of the franchise agreement).

5. Approve, if it meets our standards and specifications for approval, plans submitted by you for the design of your Outlet. Construction or build-out, if needed, should begin as soon as possible after signing the franchise agreement, but, in any case, must be completed, and you must open for business, within twelve (12) months after the date of your franchise agreement. Upon request, we will assist in the development and planning of any construction or build-out with respect to sign specifications and colors and Outlet layout and design. You must pay for construction or build-out and all other costs associated with compliance and permits. Our approval means that the site and plans meet minimum specifications and is not a warranty for their appropriateness (*see*, Section 10 of the franchise agreement).

6. Within one hundred fifty (150) days of signing your franchise agreement, and prior to the opening of your Outlet, we will provide and you must attend an initial training course. You and one employee that you designate may attend. The initial training course will be held at a location designed by us. The training is usually for five (5) days and may average up to eight (8) hours per day. The duration of your training program may vary depending upon your previous work experience. Training includes the review of the Manual and advice regarding the management of a Disc Replay Outlet, and other instruction in the operation and use of an efficient system of bookkeeping and inventory control. You and your designated employee must complete initial training to our satisfaction. You are not required to pay us a separate fee for initial training, but you must pay all of your personal expenses including, travel, hotel and meals. Instructional materials for the initial training program include the Manual, standard forms and other training materials. The training will be conducted under the supervision of Nick Leja, our President, who is an owner of multiple franchised Outlets, and has at least ten (10) years of experience in operating stores (*see*, Item 2). Jesse Hayes will also provide training supervision based on his experience as Store Manager and Operations Manager in our industry. Based on their experience in operating Outlets, all trainers have knowledge and experience in all the subjects covered in the training. The subjects covered and approximate hours of classroom and on-the-job training are described below.

TRAINING PROGRAM

We will provide up to 40 hours of training concerning the following subjects:

- Overall Business Concept
- Marketing & Promotion
- Basic Management
- Operations: Bookkeeping Systems
- Operations: Pre-Opening
- Operations: Our Proprietary POS System
- Operations: Daily Routines, Reporting, & Support

7. We will also provide to you on-site initial training at your Outlet and assistance with respect to opening activities within the first 8 weeks of the operation of your Outlet.

During your operation of your franchised business:

1. Offer you a reasonable amount of continuing advisory services by telephone during normal business hours. We may also provide to you visits by our field representative, but any additional on-site consultation or advisory services you request may incur a fee (*see*, Sections 8.04 and 8.06 of the franchise agreement).

2. We may include information about your Outlet on our Web site (*see*, Section 8.11 of the franchise agreement).

3. We may implement a centralized purchasing system for you and negotiate prices and terms with suppliers. We may receive rebates from the suppliers for these purchases. We reserve the right to use these funds in our sole discretion (*see*, Section 8.10 of the franchise agreement).

4. We may hold periodic regional or national conferences to discuss on-going changes in the industry, operational techniques, product and service developments, personnel training, bookkeeping, accounting, advertising programs and new service procedures. You must attend these conferences. We currently do not charge a conference fee for mandatory conferences, but reserve the right to do so in the future. You must pay all of the travel and living expenses for you and any other employees who attend our conferences. These conferences will be held at our corporate headquarters or at another location chosen by us. We may provide other conferences from time to time, and you may be required to pay a conference fee for these additional conferences based upon the direct costs to us of retaining speakers and other direct expenses associated with the conference.

5. Provide advertising, promotional materials, and services to you. Materials provided may include video and audiotapes, copy-ready print advertising materials, posters, banners and miscellaneous items. You will receive one sample of each at no charge. If you want additional copies you must pay duplication costs, plus shipping and handling. We may use both outside advertising and marketing agencies and internal staff to create advertising. You may develop advertising materials for your own use, at your own cost. We must approve the advertising materials in advance and in writing within fifteen (15) days from receipt by us. We reserve the right to utilize advertising developed by you for the use of all franchisees without any payment or other compensation to you (*see*, Section 9.03 of the franchise agreement).

6. There are no restrictions on your advertising, except that you may not advertise independently on the World Wide Web or outside your Protected Territory, and that your advertising must be approved by us. However, if advertising you conduct is available only on a metropolitan-wide basis (for example, radio), then you may advertise within metropolitan areas in which your Protected Territory is located.

Computer Equipment

We require the use of our proprietary POS System. As disclosed in Item 8, we furnish you the specifications for the hardware components, and you purchase them from any vendor that can meet those specifications. We will assist you in the layout and components of your POS System.

Your initial investment in computer systems and ancillary items is estimated to be between $15,000 to $30,000. These items include desktop computers, printers, scanners, and bar code readers.

Our proprietary POS System is managed and support services are provided by us. The software will generate daily business reports and cash summaries. We currently charge $500 per year per Outlet for these services. This fee may increase over time.

We will have independent access to all information and data generated on your computer system.

Advertising Programs

Buying Blitz & Grand Opening

Within a period of three (3) weeks from the opening of your Outlet, you must spend at least $30,000 in Buying Blitz & Grand Opening Advertising (local) expenses within your Protected Territory pursuant to our Grand Opening Advertising Program. This Buying Blitz & Grand Opening Advertising expense obligation is in addition to your ongoing local advertising spend requirements. We may designate specific vendors to assist you with your grand opening advertising obligations.

Local

You may advertise on a local basis as an individual business or by local advertising agencies hired by you. You must spend at least $1,500 per month on local advertising on a monthly basis in your Protected Territory. You must submit reports of your monthly advertising expenses to us by the 10th day of each month for the previous month's expense.

You may not market independently on the Internet or acquire an independent Internet domain name or Web site. All Internet marketing is a part of multi-area marketing programs, and must be coordinated through and approved by us. We will maintain Disc Replay Outlet Web pages which will include information regarding your Outlet.

Regional Cooperative Advertising

If at the time you sign a franchise agreement, a regional advertising cooperative is in existence, or if after you sign a franchise agreement, a regional advertising cooperative is formed in the area where your Outlet is to be located, you must participate. We have the authority to require that regional advertising cooperatives be formed, changed, dissolved or merged. However, we do not control the decisions on expenditures or contributions, other than to cap the contribution to $1,500 per month per franchisee member of the regional advertising cooperative. All other aspects of the formation and operation of the cooperative are determined by the members of the cooperative; such aspects include the budget, members' contributions, area, membership of the co-operative, voting rights, responsibility for administration, the governing documents, the preparation of financial statements, and the availability of those statements for review by you. Company-owned or affiliate-owned Stores will participate in the regional advertising cooperative on the same basis as franchised stores.

Contributions for co-operative advertising will be applied to satisfy Local Advertising requirement.

National

As of the date of this Franchise Disclosure Document, we have not implemented a National Marketing Program. We reserve the right to do so upon thirty (30) days' notice to you. If implemented, you must participate in multi-area marketing programs and national advertising. You will be required to pay to us a contribution to the national advertising fund ("National Marketing Fund" or "Fund") in an amount equal to 1% of your Gross Sales at the same time and manner as the Royalty Fee. We will hold the National Marketing Fund in a separate bank account, and it will be administered by our marketing and accounting staff. All company-owned and affiliate-owned Outlets will be required to contribute to the Fund on the same basis as franchisees. We will use the National Marketing Fund for regional, national, or international advertising or marketing, development, and maintenance of any Internet or e-commerce programs, related expenses, and any media or agency costs. We will not derive income from the Fund, but we may reimburse our administrative expenses incurred in administering the National Marketing Fund. Advertising expenditures may or may not be proportionate to your contributions or provide direct benefit to you or any other franchisee. We will spend the National Marketing Fund in our discretion, and we have no fiduciary duty to you regarding the National Marketing Fund. We may accumulate the amounts in the Fund, and the balance may be carried over to subsequent years. If the National Marketing Fund operates at a deficit or requires additional amounts at any time, we reserve the right to lend such amounts to the National Marketing Fund on any terms we determine. An unaudited annual financial statement of the National Fund will be prepared within one hundred twenty (120) days of the close of our fiscal year and will be available to any franchisee upon request.

Any advertising funds not spent in the fiscal year in which they accrue will be carried over to the next year.

Schedule for Opening

It is estimated that the length of time between the signing of the franchise agreement and the opening of your business will usually be about six (6) to twelve (12) months. Factors affecting this length of time include financing arrangements, site selection, negotiating the lease, building acquisition, obtaining general business permits, construction or conversion requirements, zoning and local ordinances, weather conditions, shortages, and installation of equipment, fixtures and signs, and scheduling and completion of the training program. You must locate a site that we approve within nine (9) months of the date of your franchise agreement, and you must open for business within twelve (12) months of the date of your franchise agreement.

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Item 12. <u>TERRITORY</u>

You will receive an exclusive territory ("<u>Protected Territory</u>") with a minimum radius of three (3) miles for an urban territory in an area with the population greater than 100,000 people or with a minimum radius of five (5) miles for a rural territory in an area with the population less than 100,000 people, as determined by boundary streets, highways, counties, or zip codes. We will determine if your Protected Territory is considered urban or rural. You will operate from one location approved by us and must receive our permission before relocating. If you and we cannot agree on the site selection within nine (9) months of the date of your Franchise Agreement, we may terminate the Franchise Agreement and refund you ½ of your Initial Franchise Fee.

We will not operate, through our current trademarks of different trademarks, any Disc Replay Outlets, or grant franchises for a similar or competitive business within your Protected Territory, but we have the right to do so anywhere outside your Protected Territory. Once established, the boundaries of your Protected Territory will not be adjusted without our prior written consent regardless of whether the population of your Protected Territory increases or decreases over time.

Your Protected Territory does not extend to, and you may not advertise independently on, the Internet or World Wide Web. We will maintain Disc Replay Outlet Web pages which will include information regarding your Outlet.

You do not receive the right to acquire additional franchises within your area or any contiguous area. Each franchise agreement is a separate and distinct transaction between you and us. We intend to develop a strong system of multi-unit owners.

There is no minimum sales quota. Continuation of your territorial exclusivity does not depend on your achieving a certain sales volume, market penetration or other contingency. We cannot modify your territorial rights for any reason. There are no restrictions on your soliciting or accepting orders from outside your Protected Territory.

We reserve the right, among others:

1. To own, franchise, or operate Outlets at any location outside of the Protected Territory regardless of the proximity to your Outlet.

2. To use the Marks and the System to sell any products and services, similar to those which you will sell, through any alternative channels of distribution within or outside of the Protected Territory. This includes, but is not limited to, locations such as television, mail order, catalog sales, telemarketing, wholesale to unrelated Outlets, over the Internet, or other direct marketing sales. We exclusively reserve the Internet as a channel of distribution for us, and you may not independently market on the Internet or conduct e-commerce. We will not pay you for soliciting or accepting orders via the Internet from inside your Protected Territory.

3. To purchase or be purchased by, or merge or combine with, any business, wherever located, including a business that competes directly with your Outlet.

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

5. To use alternative channels of distribution to make sales within your Protected Territory of products or services under trademarks different from the Trademarks you will use under your franchise agreement, but we have not yet made any sales of this type.

6. To acquire or be acquired by a company establishing businesses identical or similar to your Outlet, even if the other business operates, franchises, and/or licenses competitive businesses anywhere, including in close proximity to your Outlet.

You may not use alternative distribution channels to make sales outside or inside your Protected Territory without our prior written consent, which we may withhold for any reason or no reason.

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Item 13. <u>TRADEMARKS</u>

<u>Disc Replay Franchisees</u>

We grant you the right to operate a business under our Marks, including the name "Disc Replay." You may also use our other current or future Marks as we may designate to operate your business. You must indicate, as required in the franchise agreement, that you are an independent operator of the Outlet and shall use the appropriate trademark and copyright marks as indicated by us.

The following trademarks were registered on the Principal Register of the United States Patent and Trademark Office ("<u>USPTO</u>"). We have filed all required affidavits and renewals.

Word Mark	Registration No.	Registration Date
DISC REPLAY	3,862,481	October 19, 2010
SUPER MEGA REPLAY	4,351,386	June 11, 2013

The following trademarks have been applied for registration on the Principal Register of the USPTO and are pending examination.

Word Mark	Application No.	Registration Date
DISC REPLAY	99/101,157	
MEGA REPLAY	99/101,175	

You must use all trade names, trademarks, service marks, logotypes and commercial symbols in full compliance with rules established by us. You are prohibited from using any name or mark as part of your corporate name or with a prefix, suffix or from modifying words, terms, designs or symbols which may form a part of any of our Marks. In addition, you may not use any of our Marks in connection with the sale of any unauthorized products or services or in any other manner not explicitly authorized by us in writing.

There are no effective material determinations of the USPTO, the Trademark Trial and Appeal Board, or any state trademark administrator or court, any pending interference, opposition, or cancellation proceedings involving any of the above-referenced Marks. There are no agreements currently in effect that significantly limit our rights to use or license the use of the Marks listed in this section in a manner material to you.

In central Michigan some franchisees operate under the trade name "Disc Traders". Previously an independent store with an infringing name to the Disc Replay trademark existed.

That store has since closed. New franchisees opening in mid-Michigan will have the option of using the Disc Traders or Disc Replay name.

There are no infringing uses, prior rights, or superior previous rights known to us that can materially affect your use of the Trademarks in this state of any other state in which the franchised business is to be located. There is no pending material federal or state court litigation regarding our use or ownership rights in any Mark.

If there is any infringement of, or challenge to, your use of any of the Marks, you must immediately notify us and we will take such action as we deem appropriate in our sole discretion.

If we determine, in our sole discretion, that it is advisable to modify or discontinue the use of any of the Marks and/or it is advisable to use one or more additional trademarks, service marks, logo types or other commercial symbols, you must do so, and we will be under no obligation whatsoever to reimburse you for any of your costs in complying with this obligation.

You must not directly or indirectly contest our right to use the Marks, or our trade secrets or techniques.

We will defend and indemnify you against any claim of intellectual property infringement relating directly to your use of the Marks if your use of such Marks is in compliance with the franchise agreement, the Manual, and otherwise consistent with any written trademark usage policies that we may provide to you in writing from time to time.

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Item 14. <u>**PATENTS, COPYRIGHTS, AND PROPRIETARY INFORMATION**</u>

There are no patents or copyrights material to the franchise. However, you must operate your Outlet in accordance with our standards, specifications, policies and procedures as we designate in writing from time to time, including in the Manual. The Manual is described in Item 11 and <u>Exhibit "G</u>." We have not filed an application for copyright registration for the Manual; however, we claim a copyright to the contents of the Manual and assert that the information contained in the Manual is proprietary to us. You must treat the information contained in the Manual and other manuals or supplemental materials supplied by us as confidential. The Manual and such other materials are our property and you may not duplicate, copy, disclose or disseminate the contents of the Manul or such other materials at any time, without our prior written consent. We have the right to modify or supplement the Manual upon notice or delivery to you. You must keep the Manual current at all times, and upon the termination or non-renewal of your franchise, you must return the Manual and all other materials that we provide to you.

You may not divulge or use any confidential information concerning our methods or procedures during or after the term of the franchise agreement. Information made available to you may not be divulged to any person other than your employees who reasonably need access to such information for purposes of fulfilling their employment responsibilities. All employees to whom the information is made available shall be informed of this obligation of confidentiality.

Upon our request, each manager and any other employee who has access to any confidential information must sign a written agreement (on our standard form) imposing an obligation of confidentiality regarding the Manual and our other confidential information. If you are a corporation, limited liability company, limited partnership or other entity, we may require your shareholders, members, partners and owners to sign a similar written agreement.

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Item 15. <u>OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS</u>

We do not require you to personally participate in the operation of your Outlet. However, your Outlet must at all times be under the direct supervision of a manager who has satisfactorily completed the initial training course and devotes his or her full business time, energy and effort to the management and operation of your Outlet. The manager cannot have an interest or business relationship with any of our competitors. The manager is not required to have an ownership interest in a corporate or partnership franchise.

The manager must sign a written agreement to maintain confidentiality of the trade secrets described in Item 14 and to refrain from competing as described in Item 17.

You and your spouse, or, if you are a corporation, limited liability company or other entity, then each person owning an equity or voting interest in the entity, and his or her spouse must sign the Guaranty of Franchise Agreement attached to the franchise agreement.

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Item 16. <u>RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL</u>

We require that you sell only those products and services that we have approved in writing. We have the right to change the types of authorized goods and services in our sole discretion, and there is no limit on our right to make changes. Your inventory is used and is purchased from the customers in your Protected Territory as well as from other approved sources. You must offer all the products and services designated as required to be sold by all franchisees. You must at all times maintain an inventory of approved goods sufficient in quantity and type to realize the full potential of your Outlet's location. You are not restricted as to the customers you may serve in your Protected Territory. You are prohibited from using the premises for any purpose other than the operation of your Outlet.

You may not discriminate in your dealings with customers (in the services or products you provide) on the basis of race, color, religion, age, sex, sexual orientation, gender identity, marital status, national origin or disability, and you must comply with our antidiscrimination standards.

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Item 17. ***RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION***

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

THE FRANCHISE RELATIONSHIP

	Provision	**Section in Franchise Agreement**	**Summary of Franchise Agreement Provision**
A.	Length of the franchise term	Section 3	10 years.
B.	Renewal or extension of term	Section 3	If you are in good standing you can add additional terms of 10 years.
C.	Requirements for Franchisee to renew or extend	Section 3	Sign new agreement, be current in payments, and pay the Renewal Fee. You may be asked to sign a new franchise agreement with materially different terms and conditions than your original contract, but the royalty fee will not be greater than the royalty fee that we then impose on similarly situated renewing franchisees.
D.	Termination by Franchisee	Section 13.01	Default by us.
E.	Termination by Franchisor with cause	Section 13.02	We can terminate if you commit any one of several violations.
F.	Termination by Franchisor without cause	Not applicable	Not applicable.
G.	"Cause" defined – Curable defaults	Sections 13.02(a) and (b)	You have 10 days to cure non-payment of fees, and 30 days to cure other curable defaults, including failure to comply with the franchised system, and other obligations, failure to comply with federal, state or local laws or regulations.

	Provision	Section in Franchise Agreement	Summary of Franchise Agreement Provision
H.	"Cause" defined – Non-curable defaults	Section 13.02(c)	Non-curable defaults include misrepresentation by you, failure to complete initial training, bankruptcy, insolvency, or appointment of receiver, repeated defaults even if cured, abandonment, trademark misuses and unapproved transfers. (Termination upon bankruptcy may not be enforceable under U.S. Bankruptcy Law).
I.	Franchisee's obligations on termination/nonrenewal	Sections 13.03 & 13.04	Obligations include complete deidentification, non-competition and payment of amounts due.
J.	Assignment of contract by Franchisor	Section 14.02	No restriction on our right to assign.
K.	"Transfer" by Franchisee – definition	Section 14.03	Includes transfer of contract or assets or ownership change.
L.	Franchisor's approval of transfer by Franchisee	Sections 14.04 through 14.06	We have the right to approve all transfers but will not unreasonably withhold approval.
M.	Conditions of approval or transfer	Section 14.04 and 14.05	New franchisee qualifies, Transfer Fee paid, purchase agreement approved, training arranged, release signed by you, either transferor's existing franchise agreement assumed, or then-current new franchise agreement signed by new franchisee (at our option), the Outlet must be remodeled to current standards.
N.	Franchisor's right of first refusal to acquire Franchisee's Business.	Section 14.08	We can match any offer for your business.
O.	Franchisor's option to purchase Franchisee's Business	Section 14.08	We may purchase your inventory and equipment at fair market value if franchise is terminated for any reason.
P.	Death or disability of Franchisee	Section 14.07	Franchise must be assigned by estate to approved buyer within one hundred twenty (120) days.

	Provision	Section in Franchise Agreement	Summary of Franchise Agreement Provision
Q.	Non-competition covenants during the term of franchise	Section 16.01	No involvement in a competing business within any state in which Franchisor, Franchisor's Affiliates, or franchisees do business (whether as a Disc Replay or Mega Replay Outlet) anywhere in U.S.
R.	Non-competition covenants after the franchise is terminated or expires	Section 16.01	For a period of two (2) years after termination or expiration of the franchise agreement, no involvement in a competing business within a fifty (50) mile radius the boundary of your Protected Territory or within a fifty (50) mile radius of any other Outlet (regardless of where located and whether franchised or Company-owned (including after assignment).
S.	Modification of agreement	Sections 7.04 & 8.09	No modifications generally, but the Manual is subject to change.
T.	Integration/merger clause	Section 19.01	Only the terms of the franchise agreement are binding (subject to state law). Any other promises may not be enforceable.
U.	Dispute resolution by arbitration or Mediation	Section 17	Except for certain claims, all disputes must be mediated and then arbitrated.
V.	Choice of forum	Section 17.04	Arbitration and actions for injunctive relief, claims based on the Marks, or on covenants not to compete must be in the State of Michigan (subject to applicable state law).
W.	Choice of law	Section 17.04	Michigan law applies (subject to applicable state law).

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Item 18. <u>**PUBLIC FIGURES**</u>

The Company does not use public figures to promote its franchise.

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Item 19. <u>FINANCIAL PERFORMANCE REPRESENTATIONS</u>

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

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 the representations either orally or in writing. If you are purchasing an existing Outlet, however, we may provide you with the actual records relating to that Outlet. If you receive any other financial performance information or projections of your future income, you should report it to our management by contacting Nick Leja, President, Replay Holdings, LLC, 4225 Miller Rd. Box #226. Flint, Michigan 48507 or franchising@discreplay.com; (248) 514-6777.

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Item 20. OUTLETS AND FRANCHISE INFORMATION

The following five (5) tables are for Disc Replay and Mega Replay Stores.

Table No. 1

SYSTEMWIDE OUTLET SUMMARY
2022, 2023, and 2024*

Outlet Type	Year	Outlets at Start of Year	Outlets at End of Year	Net Change (+ or -)
Franchised	**2022**	30	30	0
	2023	30	31	1
	2024	31	31	0
Company Owned	**2022**	0	0	0
	2023	0	0	0
	2024	0	0	0
Total Outlets	**2022**	30	30	0
	2023	30	31	1
	2024	31	31	0

* Figures for each year are as of December 31.

Table No. 2

TRANSFER OF OUTLETS FROM FRANCHISEES TO NEW OWNERS

2022, 2023, and 2024*

State	Year	Number of Transfers
Illinois	**2022**	0
	2023	0
	2024	0
Indiana	**2022**	0
	2023	0
	2024	2
Michigan	**2022**	0
	2023	0
	2024	5
Totals	**2022**	0
	2023	0
	2024	7

* Figures for each year are as of December 31.

Table No. 3
STATUS OF FRANCHISED OUTLETS 2022, 2023, and 2024*

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Required by Franchisor	Ceased Operations – Other Reasons	Outlets at End of Year
Illinois	2022	3	0	0	0	0	0	3
	2023	3	1	0	0	0	0	4
	2024	4	0	0	0	0	0	4
Indiana	2022	13	0	0	0	0	0	13
	2023	13	0	0	0	0	0	13
	2024	13	0	0	0	0	0	13
Iowa	2022	1	0	0	0	0	0	1
	2023	0	0	0	0	0	0	0
	2024	0	0	0	0	0	0	0
Kentucky	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
Michigan	2022	11	0	0	0	0	0	11
	2023	11	0	0	0	0	0	11
	2024	11	0	0	0	0	0	11
Ohio	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
Totals	2022	30	0	0	0	0	0	30
	2023	30	1	0	0	0	0	31
	2024	31	0	0	0	0	0	31

* Figures for each year are as of December 31.

Table No. 4

STATUS OF COMPANY OWNED OUTLETS

2022, 2023, and 2024*

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Acquired from Franchisees	Outlets Closed	Outlets Sold to Franchisees	Outlets at End of Year
Indiana	**2022**	**0**	**0**	**0**	**0**	**0**	**0**
	2023	**0**	**0**	**0**	**0**	**0**	**0**
	2024	**0**	**0**	**0**	**0**	**0**	**0**
Totals	**2022**	**0**	**0**	**0**	**0**	**0**	**0**
	2023	**0**	**0**	**0**	**0**	**0**	**0**
	2024	**0**	**0**	**0**	**0**	**0**	**0**

*Figures for each year are as of December 31.

Table No. 5

PROJECTED OPENINGS AS OF JANUARY 1, 2025

State	Franchise Agreements Signed But Outlets Not Opened	Projected Franchised New Outlets in the Next Fiscal Year	Projected Company-Owned Outlet Openings in the Next Fiscal Year
Illinois			
Indiana			
Kentucky			
Michigan			
Ohio		1	
All Other		2	
TOTALS	0	3	0

Attached as Exhibit "E" is a list of names, addresses and telephone numbers of all of our current franchisees (31) and company or affiliate-owned (0) outlets as of December 31, 2024.

Attached as Exhibit "F" is a list containing the name, city and state and the current business telephone number (or if unknown, the last known home telephone number) of franchisees who have had an Outlet terminated, canceled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under the franchise agreement during the most recently completed fiscal year or have not communicated with us within 10 weeks of the date of this Franchise Disclosure Document. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

In some instances, current and former franchisees sign provisions restricting their ability to speak openly about their experience with us. You may wish to speak with current and former franchisees but be aware that not all such franchisees will be able to communicate with you.

We have not created, sponsored, or endorsed any franchisee associations. There are no franchisee associations that have asked to be disclosed in our Franchise Disclosure Document.

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Item 21. <u>FINANCIAL STATEMENTS</u>

<u>Exhibit "B"</u> contains: (a) our unaudited financial statements for the period ended October 31, 2025, and (b) our audited financial statements for the period ended December 31, 2024. Note: the Franchisor was formed in 2024 and no financial statements for prior years are available.

Our fiscal year end is December 31st.

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Item 22. <u>CONTRACTS</u>

Copies of all proposed agreements regarding the franchise offering are attached. These include the following:

<u>Exhibit "C"</u> - Franchise Agreement with the following Exhibits:

Authorization Agreement for Pre-Authorized Payment Service
Collateral Assignment of Telephone Numbers, Addresses, and Listings
Lease Assignment Agreement
Guaranty of Franchise Agreement

<u>Exhibit "D"</u> – Compliance Questionnaire

Certain states may require amendment to the foregoing agreements. Such amendments are attached to and form part of this documents <u>Exhibit "H</u>."

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

The remainder of this page is left blank intentionally

Item 23. **RECEIPTS**

You will find copies of a detachable receipt at the very end of this Franchise Disclosure Document. Please sign the receipts and return one to us. You may retain a receipt for your records.

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EXHIBIT "A"

STATE ADMINISTRATORS/
DESIGNATION OF AGENT 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. Where we are registered to sell franchises, we have appointed the state agency, or as noted below, a state officer, as or agent for service of process in the state. We may not yet be registered to sell franchises in any or all of the states listed. There may be states in addition to those listed below in which we have appointed an agent for service of process. There may also be additional agents appointed in some of the states listed.

CALIFORNIA	NORTH DAKOTA
Department of Financial Protection and Innovation 320 West Fourth Street, Suite 750 Los Angeles, California 90013-2344 (866) 275-2677 Agent: California Commissioner of Financial Protection and Innovation	North Dakota Securities Department 600 East Boulevard Avenue State Capitol Fifth Floor Dept. 414 Bismarck, North Dakota 58505-0510 (701) 328-4712 Agent: North Dakota Securities Commissioner
HAWAII	OREGON
Commissioner of Securities Department of Commerce and Consumer Affairs 335 Merchant Street, Room 203 Honolulu, Hawaii 96813 (808) 586-2722 Agent: Commissioner of Securities of the State of Hawaii	Department of Finance and Corporate Securities Labor and Industries Building 350 Winter Street NE, Room 410 Salem, Oregon 97301-3881 (503) 378-4387 Agent: Director of Oregon Department of Insurance and Finance
ILLINOIS	RHODE ISLAND
Franchise Division Office of Attorney General 500 South Second Street Springfield, Illinois 62706 (217) 782-4465 Agent: Illinois Attorney General	Department of Business Regulation Division of Securities 1511 Pontiac Ave. John O. Pastore Complex Building 69-1 Cranston, RI 02920 (401) 462-9500 Agent: Director of Business Regulation

INDIANA Franchise Section Indiana Securities Division Room E-111 302 West Washington Street Indianapolis, Indiana 46204 (317) 232-6681 Agent: Indiana Secretary of State Indiana Securities Division 201 State House Indianapolis, IN 46204	SOUTH DAKOTA Department of Labor and Regulation Division of Insurance Securities Regulation 124 South Euclid, Suite 104 Pierre, South Dakota 57501 (605) 773-3563 Agent: Director, Division of Insurance-Securities Regulation

MARYLAND	VIRGINIA
Office of the Attorney General Securities Division 200 St. Paul Place Baltimore, Maryland 21202-2020 (410) 576-6360 Agent: Maryland Securities Commissioner 200 St. Paul Place Baltimore, Maryland 21202-2020	State Corporation Commission Division of Securities and Retail Franchising 1300 East Main Street, 9th Floor Richmond, Virginia 23219 (804) 371-9051 Agent: Clerk of the State Corporation Commission 1300 E Main St., 1st. Fl. Richmond, VA 23219 Tel: (804) 371-9733
MICHIGAN	WASHINGTON
Consumer Protection Division Antitrust and Franchise Unit Michigan Department of Attorney General 670 Law Building Lansing, Michigan 48913 (517) 373-7177 Agent: Michigan Department of Commerce Corporations and Securities Bureau 6546 Mercantile Way Lansing, MI 48910	Director Washington Department of Financial Institutions Securities Division 150 Israel Road SW Tumwater, Washington 98501 (360) 902-8760 Agent: Securities Administrator, Director of Department
MINNESOTA	WISCONSIN
Minnesota Department of Commerce 85 7th Place East, Suite 280 St. Paul, Minnesota 55101-2198 (651) 539-1500 Agent: Minnesota Commissioner of Commerce	Securities Division of the Wisconsin Department of Financial Institutions 345 W. Washington Ave., 4th Floor Madison, Wisconsin 53703 (608) 266-8559 Agent: Wisconsin Commissioner of Securities

NEW YORK	
NYS Department of Law Investor Protection Bureau 28 Liberty Street, 21st Floor New York, NY 10005 (212) 416-8222 - Phone Agent for service: New York Department of State One Commerce Plaza, 99 Washington Avenue, 6th Floor Albany, NY 12231-0001 (518) 473-2492	

EXHIBIT "B"

FINANCIAL STATEMENTS

Exhibit "B" contains: (a) our unaudited financial statements for the period ended October 31, 2025, and (b) our audited financial statements for the period ended December 31, 2024. Note: the Franchisor was formed in 2024 and no financial statements for prior years are available.

Unaudited Financial Statements for the Period Ended October 31, 2025:

[Attached]

Balance Sheet

Replay Holdings, LLC

As of October 31, 2025

DISTRIBUTION ACCOUNT	TOTAL
Assets	
Current Assets	
Bank Accounts	
Main Checking (2393)	80,864.54
Total for Bank Accounts	**$80,864.54**
Other Current Assets	
Accrued Sales	0.00
Total for Other Current Assets	**$0.00**
Total for Current Assets	**$80,864.54**
Other Assets	
Covenant Not to Compete	5,000.00
Goodwill	$4,833,000.00
Accumulated amortization	-241,900.00
Total for Goodwill	**$4,591,100.00**
Total for Other Assets	**$4,596,100.00**
Total for Assets	**$4,676,964.54**
Liabilities and Equity	
Liabilities	
Current Liabilities	
Accounts Payable	
Accounts Payable (A/P)	19,378.93
Total for Accounts Payable	**$19,378.93**
Other Current Liabilities	
Inter Company Transfer	0.00
Total for Other Current Liabilities	**$0.00**
Total for Current Liabilities	**$19,378.93**
Long-term Liabilities	
John Chesny - Loan A	1,993,171.38
John Chesny - Loan B	2,148,372.00
Total for Long-term Liabilities	**$4,141,543.38**
Total for Liabilities	**$4,160,922.31**
Equity	
Shareholders' equity	
Contributions	50,000.00
Distributions	-180,000.00
Total for Shareholders' equity	**-$130,000.00**
Retained Earnings	318,592.13
Net Income	327,450.10
Total for Equity	**$516,042.23**
Total for Liabilities and Equity	**$4,676,964.54**

Profit and Loss

Replay Holdings, LLC

January 1-October 31, 2025

DISTRIBUTION ACCOUNT	TOTAL
Income	
Sales	857,321.62
Total for Income	**$857,321.62**
Gross Profit	**$857,321.62**
Expenses	
Advertising & marketing	48,470.00
Ask Nick	0.00
Business licenses	25.00
Contract labor	28,200.93
Entertainment	500.00
General business expenses	
Bank fees & service charges	341.01
Memberships & subscriptions	68.05
Total for General business expenses	**$409.06**
Insurance	$4,710.00
Liability insurance	1,125.00
Total for Insurance	**$5,835.00**
Interest paid	201,052.03
Legal & accounting services	$96,158.00
Accounting fees	2,936.00
Total for Legal & accounting services	**$99,094.00**
Meals	581.79
Office expenses	$2,451.74
Office supplies	89.83
Software & apps	12,157.72
Total for Office expenses	**$14,699.29**
Payroll expenses	$469.72
Salaries & wages	119,254.86
Total for Payroll expenses	**$119,724.58**
Taxes paid	
Payroll taxes	9,368.85
Total for Taxes paid	**$9,368.85**
Travel	$212.95
Airfare	912.88
Total for Travel	**$1,125.83**
Uncategorized Expense	785.16
Total for Expenses	**$529,871.52**
Net Operating Income	**$327,450.10**
Net Other Income	
Net Income	**$327,450.10**

Audited Financial Statements for the Period Ended December 31, 2024:

[Attached]

REPLAY HOLDINGS, LLC
FINANCIAL STATEMENTS
DECEMBER 31, 2024

Schultz & Associates PLC

REPLAY HOLDINGS, LLC
FINANCIAL STATEMENTS
DECEMBER 31, 2024

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Schultz & Associates PLC

INDEPENDENT AUDITOR'S REPORT

To the Members
Replay Holdings, LLC
Novi, MI

Opinion
We have audited the accompanying financial statements of Replay Holdings, LLC (a Michigan Limited Liability Company), which comprise the balance sheet as of December 31, 2024, and the related statements of income, members' equity and cash flows for the nine months 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 balance sheets of Replay Holdings, LLC as of December 31, 2024 and the changes in its members' equity and its cash flows for the nine months then ended in accordance with accounting principles generally accepted in the United States of America.

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.
In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Replay Holdings, LLC's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Certified Public Accountants
6900 N. Haggerty Road • Canton, MI 48187 • Phone (734) 354-2380 • www.schultz-cpa.com

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Schultz & Associates, PLC
Certified Public Accountants

Schultz & Associates CPA PLC

Canton, Michigan
November 11, 2025

Schultz & Associates PLC

REPLAY HOLDINGS, LLC
BALANCE SHEET
DECEMBER 31, 2024

ASSETS

		2024
Current Assets		
Cash	$	171,369
Accounts receivable		125,252
Prepaid expenses		1,537
Total Current Assets		298,158
Other Assets		
Goodwill, net of accumulated amortization		4,591,350
Covenant not to compete, net of accumulated amortization		4,250
Total Other Assets		4,595,600
Total Assets	$	4,893,758

LIABILITIES AND MEMBER'S EQUITY

Current Liabilities		
Accounts payable	$	81
Accrued expenses		18,689
Current portion of long-term debt		533,460
Total Current Liabilities		552,230
Long-term Liabilities		
Long-term debt		4,050,589
Total Long-term Liabilities		4,050,589
Member's Equity		290,939
Total Liabilities and Member's Equity	$	4,893,758

See Accompanying Independent Auditor's Report
See Accompanying Notes to Financial Statements

REPLAY HOLDINGS, LLC
STATEMENT OF INCOME
FOR THE NINE MONTHS ENDED DECEMBER 31, 2024

	2024
Revenue	
Royalties	$ 773,028
Technology fees	56,980
Reimbursements	672
Total Revenue	830,680
Operating Expenses	
Bank service fees	174
Consulting	2,000
Contract labor	6,506
Insurance	3,073
Office expenses	3,590
Payroll taxes	7,070
Professional fees	49,540
Salaries and wages	71,789
Travel	539
Total Operating Expenses	144,281
Net Income From Operations	686,399
Other Income and Expenses	
Amortization	(242,400)
Interest expense	(143,060)
Total Other Income and Expenses	(385,460)
Net Income	$ 300,939

See Accompanying Independent Auditor's Report
See Accompanying Notes to Financial Statements

REPLAY HOLDINGS, LLC
STATEMENT OF MEMBERS' EQUITY
FOR THE NINE MONTHS ENDED DECEMBER 31, 2024

		2024
Members' Equity, beginning of the year	$	-
Members' contribution		50,000
Net income		300,939
Less: members' distributions		(60,000)
Members' Equity, end of the year	$	290,939

See Accompanying Independent Auditor's Report
See Accompanying Notes to Financial Statements

REPLAY HOLDINGS, LLC
STATEMENT OF CASH FLOWS
FOR THE NINE MONTHS ENDED DECEMBER 31, 2024

	2024
Cash Flow From Operating Activities	
Net income	$ 300,939
Adjustments to reconcile change in net income to net cash provided by operating activities:	
Amortization	242,400
Increase in current assets:	
Accounts receivable	(125,252)
Prepaid expenses	(1,537)
Increase in current liabilities:	
Accounts payable	81
Accrued expenses	18,689
Net Cash Provided by Operating Activities	435,320
Cash Flows From Investing Activities	
Purchase of intangible assets	(4,838,000)
Cash Used by Investing Activities	(4,838,000)
Cash Flows From Financing Activities	
Proceeds on long-term debt	4,840,000
Principal payment on long-term debt	(255,951)
Members' contributions	50,000
Members' distributions	(60,000)
Cash Provided by Financing Activities	4,574,049
Net Increase in Cash	171,369
Cash at Beginning of Period	-
Cash at End of Period	171,369
Supplementary Disclosures:	
Cash paid for interest	$ 130,183
Cash paid for income tax	$ -

See Accompanying Independent Auditor's Report
See Accompanying Notes to Financial Statements

REPLAY HOLDINGS, LLC
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations
Replay Holdings, LLC ("the Company") was organized under the laws of the state of Michigan on February 29, 2024. The company offers franchises for the use of Replay Holdings, LLC trademark, trade name, services mark, logos, and proprietary software in the operation of franchises, which operate brick and mortar retail stores that buy and sell used electronics, music, movies, videogames, consoles, and accessories. The Company purchased all assets and existing franchise contracts from a predecessor franchisor entity in April 2024.

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

Liquidity
Assets are presented in the accompanying balance sheets according to their nearness of conversion to cash and liabilities according to the nearness of their maturity and resulting use of cash.

Revenue and Cost Recognition
Revenue is recorded when: (i) a contract has been identified, (ii) the performance obligation(s) in the contract have been identified, (iii) the transaction price has been determined, (iv) the transaction price has been allocated to each performance obligation in the contract, and (v) the Company has satisfied the applicable performance obligation. Expenses directly related to such transactions are recorded as incurred and presented within expenses.

Primary revenue streams
Revenue consists primarily of monthly technology fees, monthly royalties, and periodic marketing fees. Technology fee and royalty revenues are recognized and recorded when earned. Management has determined that these methods provide a faithful depiction of the transfer of services.

Revenue disaggregation
In accordance with current accounting standards, the Company disaggregates revenue from contracts into major revenue streams as presented on the income statement. Revenue is recognized over the performance obligation period applicable to each revenue stream.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue and Cost Recognition (continued)

Revenue disaggregation (continued)
Under ASC 606, private companies may choose to use a practical expedient that allows a franchisor that has entered into a franchise agreement to treat certain preopening services provided to a franchisee as distinct from the franchise license. Those preopening services consist of the following activities:

- Assistance in the selection of a site.
- Training of the franchisee's personnel or the franchisee.
- Preparation and distribution of manuals and similar material concerning operations, administration, and record keeping.
- Information technology, and advisory services, including setting up the franchisee's records and advising the franchisee about regulations affecting the franchisee's business.
- Inspection, testing, and other quality control programs.

Royalties are based on a percentage of gross sales as reported by the franchisees and are recognized on a monthly basis as they are earned by the Company. Technology fees, and marketing fees are recognized when the performance obligations are satisfied.

Contract balances
The timing of revenue recognition, billings and cash collections results in contract assets, receivables and contract liabilities. Contract assets would exist when the Company has a contract with a customer for which revenue has been recognized but customer payment is contingent on a future event. The Company's revenue is based on franchise and area development fees that are paid by the customer up front, and are generally limited to amounts that are not contingent on future events, therefore, not resulting in a contract asset being recorded. The Company records receivables when the right to consideration becomes unconditional and are presented separately on the balance sheet. Contract liabilities may include advances and unearned revenue when the Company receives payments from customers before the revenue is recognized and are presented separately on the balance sheet.

Accounts receivable was $125,252 for the year ending December 31, 2024. The Company does not recognize deferred revenue for franchise agreements that existed at the date of the purchase of the assets and franchise agreements from the predecessor franchisor.

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

REPLAY HOLDINGS, LLC
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Cash and Cash Equivalents
Cash and cash equivalents are defined as cash on hand and demand deposits in banks plus short-term investments that are readily convertible to cash as well as investments with original maturities of three months or less.

Concentration of Credit Risk
The Company maintains cash balances at high credit qualified financial institutions. At times, the amount of cash and cash equivalents may be in excess of the Federal Deposit Insurance Corporation insurance limit of $250,000. The Company has not experienced any losses in such accounts, and management believes the Company is not exposed to any unusual credit risk on cash and cash equivalents. As of December 31, 2024, the uninsured balances of cash at a qualified financial institution were $0.

Advertising Costs
Advertising and promotion costs are expensed as incurred. Advertising costs for the years ended December 31, 2024 were $0.

Accounts Receivable
Accounts receivable consists primarily of royalty payments due. The Company determines the allowance for uncollectable accounts receivable based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Accounts receivable are written off when deemed uncollectable. On December 31, 2024 accounts receivable balances were $125,252, net of an allowance of $0.

Intangible Assets
Intangible assets consist of goodwill and the covenant not to compete. Amortizable intangible assets with a definite life are amortized on a straight-line basis over the life of the asset. The periodic costs to renew the intangible assets are expensed as incurred. Intangible assets with indefinite lives are not amortized but are subject to periodic tests for impairment by management.

Date of Management's Review
Management has evaluated subsequent events through November 11, 2025, the date on which the financial statements were available to be issued.

NOTE 2 – TAX STATUS

The company is organized as a limited liability company and has elected to be treated as a partnership. For U.S. federal and state income tax purposes, taxes related to income earned by the Company represent obligations of the members.

See Accompanying Independent Auditor's Report

NOTE 3 – RELATED PARTY TRANSACTIONS

The Company shares common ownership with 31 of its franchisees. Related party transactions are conducted at arms-length prices, and there are no special contract terms for related parties. Total royalties collected from related parties were $612,996 during the nine months ending December 31, 2024. Total technology fees collected from related parties were $44,500 during the year ending December 31, 2024. The Company had $100,456 in accounts receivable from related partied at December 31, 2024.

NOTE 4 – INTANGIBLE ASSETS

The Company recognizes intangible assets for goodwill and the covenant not to compete. Goodwill is reported at carrying value and is considered to have a life of 15 years. The covenant not to compete is reported at carrying value and is considered to have a life of 5 years.

A summary of intangible assets as of December 31, 2024 is as follows:

	Opening Balance	Additions / Reclassifications	Disposals / Reclassifications	Ending Balance
Goodwill	$ -	$ 4,833,000	$ -	$ 4,833,000
Covenant not to compete	-	5,000	-	5,000
	$ -	$ 4,838,000	$ -	4,838,000
Accumulated amortization				(242,400)
				$ 4,595,600

Amortization expense is calculated using the straight-line method over the life of the asset and was $242,400 for the year ended December 31, 2024.

Future amortization of intangible assets is as follows:

Year Ending December 31,	Amount
2025	$ 323,200
2026	323,200
2027	323,200
2028	323,200
2029	322,450
Thereafter	2,980,350
Total	$ 4,595,600

NOTE 5 – LONG-TERM DEBT

Long-term debt as of December 31, 2024 consists of the following:

		2024
Secured note payable from predecessor franchisor, bearing 5.5% interest, and payable over 72 monthly payments of $40,436	$	2,298,433
Secured note payable from predecessor franchisor, bearing 5.5% interest, and payable over 132 monthly payments of $23,919		2,285,616
	$	4,584,049

Loan maturities for each of the five years following December 31, 2024, are as follows:

2025	$	533,460
2026		563,552
2027		595,341
2028		628,922
2029		664,399
Thereafter		1,598,375
Total	$	4,584,049

NOTE 6 – DISAGGREGATION OF REVENUE

The Company recognizes revenue by the nature and type of the performance obligation. Revenue by nature at type consisted of the following at December 31, 2024:

		2024
Royalties	$	773,028
Technology fees		56,980
Other revenue		672
		830,680
Less refunds		-
Total Revenue	$	830,680

REPLAY HOLDINGS, LLC
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 7 – LIQUIDITY

The Company's financial assets available within one year of the balance sheet date for general expenditure total $296,621. This consists of cash and cash equivalents of $171,369 and collectible receivables of $125,252. None of the financial assets are subject to contractual restrictions. Accordingly, all such funds are available to meet the cash needs of the Company in the next 12 months. As part of Company's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

NOTE 8 – FRANCHISE AGREEMENTS

The terms of the Company's franchise agreements are as follows:

A. The Company grants franchises for retail stores that operate under the names "Disc Replay", "Disc Traders", "Mega Replay", and "Super Mega Replay", and assists with site selection, site preparation, and development services.
B. The franchisee must pay a non-refundable initial franchise fee.
C. The franchisee is also obligated to pay the franchisor the following fees:
   a. Continuing royalty fees based on the franchisee's agreement
   b. Technology monthly fee
   c. Additional fees specified in the franchise agreement
D. Term of the franchise is for 25 years. At the expiration of the agreement, a franchisee in good standing may renew its license for successive periods of 15 years.

The following is a summary of the Replay Holdings, LLC's open and operating franchises as of December 31, 2024:

	2024
Beginning of year	34
Franchises opened	-
Terminations	-
End of year	34

There were no Company owned franchises for the year ended December 31, 2024, however the company shares ownership with 31 of its franchisees.

NOTE 9 – TIME PERIOD UNDER AUDIT

The accompanying financial statements present the results of operations and cash flows from April 1, 2024 to December 31, 2024, reflecting the period from acquisition date through the end of the reporting period. Accordingly, the results for this period are not necessarily indicative of the results that may be expected for a full year.

<u>EXHIBIT "C"</u>

<u>FRANCHISE AGREEMENT</u>

[Attached]

REPLAY HOLDINGS, LLC

FRANCHISE AGREEMENT

FRANCHISEE:________________________

EFFECTIVE DATE: ____________________

AREA IN WHICH OUTLET WILL BE LOCATED: _______________

OUTLET NUMBER: ____________________

The Primary Identifying Brand of the Outlet is (check one):

DISC REPLAY ☐
MEGA REPLAY ☐

REPLAYHOLDINGS, LLC

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"B" - Collateral Assignment of Telephone Numbers, Addresses and Listings
"C" - Lease Assignment Agreement
"D" - Guaranty of Franchise Agreement
"E" - List of Franchisee's Equity Owners, Officers and Directors
"F" – Location of Outlet
"G" - Franchisee's Protected Territory

FRANCHISE AGREEMENT

THIS FRANCHISE AGREEMENT ("Agreement") is made and entered into this _____ day of ______________, 20____ (the "Effective Date"), by and between: **(i)** Replay Holdings, LLC (the "Company" or the "Franchisor"), a Michigan limited liability company, with offices at 4225 Miller Rd, Box #226, Flint, Michigan 48507 and **(ii)** _______________ (the "Franchisee"), a ________________, with offices at __________________________.

1. DEFINITIONS

For purposes of this Agreement, the following terms shall have the meanings ascribed to them below:

1.01 "Assets" means the franchised Business, including all inventories, supplies, furnishings, equipment, fixtures, land, buildings and improvements, and other tangible items.

1.02 "Business" means the right which is granted to Franchisee to operate a Disc Replay or Mega Replay retail Outlet as set forth in this Agreement.

1.03 "Business Records" means evidence of each business transaction, and all financial, marketing, and other operating aspects of the Business, and all evidence and records with respect to customers, employees, and other service professionals relating to the Business including, without limitation, all databases in print, electronic or other form, including all names, addresses, phone numbers, e-mail addresses, customer purchase records, and all other records contained in the database, and all other records created and maintained by Franchisee in operation of the Business.

1.04 "Confidential Information" means all methods for establishing, operating and promoting the Business pursuant to Franchisor's distinctive business format, plans, methods, data, processes, supply systems, marketing systems, formulas, techniques, designs, layouts, operating procedures, Marks and information and know-how of Franchisor and such other information as may be further developed periodically by Franchisor.

1.05 "Gross Sales" means the total of all receipts derived from services performed or products sold at the Outlet, whether the receipts are evidenced by cash, credit, checks, gift certificates, scrip, coupons, services, property, or other means of exchange. "Gross Sales" shall exclude only sales tax receipts that Franchisee must by law collect from customers and that Franchisee pays to the government, promotional or discount coupons to the extent that Franchisee realizes no revenue, and employee receipt of services or products, if free, or any portion not paid for by an employee.

1.06 "Manual" means Franchisor's operations manual and other written materials, including information posted on Franchisor's Web Site and information sent to or accessed by Franchisee in print or electronic form, manuals, written procedures, memoranda and their supplements loaned to Franchisee by Franchisor.

1.07 "Marketing Fund" means the separate bank account used by Franchisor for the purposes specified in this Franchise Agreement. The Marketing Fund is not a trust or escrow account, and is managed by Franchisor in its sole discretion.

1.08 "Marks" means Franchisor's trade names, trademarks, service marks, logos, decor, trade dress, lay out, and commercial symbols, and similar and related words or symbols, now or in the future associated with Franchisor, the System or the franchised Business, whether or not they are registered, including, but not limited to, "Disc Replay," "Disc Traders," "Mega Replay," or "Super Mega Replay."

1.09 "Multi-Area Marketing Programs" means regional, national, or international programs designed to increase business, such as marketing to multi-area customers, Internet, shows, events, yellow pages, directories, affinity marketing, vendor programs, and co-branding programs. Such programs may require Franchisee's cooperation and participation, including refraining from certain channels of marketing and distribution, and payment of commissions or referral fees. Franchisee must also adhere to maximum pricing to the extent permitted by law. All such programs are proprietary trade secrets of Franchisor.

1.10 "Outlet" means the Disc Replay store or Mega Replay store which Franchisee is granted the right to operate in conformity with the requirements of this Agreement.

1.11 "Premises" means the one location within the Protected Territory and as described in Exhibit "F" at which Franchisee may operate the franchised Business using the System.

1.12 "Primary Identifying Brand**"** means the name and mark which identifies the Outlet, as noted on the cover page of this Agreement. It will be one and only one of the following: "DISC REPLAY" or "MEGA REPLAY." The only significant difference in the Outlet design of the aforementioned brands will be its primary exterior sign, which identifies the Primary Identifying Brand, and the size of the Outlet. Both types of Outlets will carry the same variety of products and services, specifically used movies, video games, music, electronics, and related items, and performing electronics repairs. The selection of the Primary Identifying Brand is made by Franchisor, based on the location of Franchisee's Outlet, its size, and the variety of products offered.

1.13 "Protected Territory" means the territory described in Exhibit "G" to this Agreement, subject to any reservations or exceptions contained in this Agreement.

1.14 "System" or **"**Replay System**"** means, collectively, Franchisor's valuable know how, information, Trade Secrets, methods, the Manual, other written manuals, standards, designs, methods of trademark usage, copyrightable works, products and service sources and specifications, proprietary software, confidential electronic and other communications, methods of Internet usage, marketing programs, and research and development connected with the operation and promotion of the franchised Business, as modified by Franchisor at any time.

1.15 "Trade Secret" is the whole or any portion of know-how, knowledge, methods, specifications, processes, procedures, and improvements regarding the System that is valuable and secret in the sense that it is not generally known to competitors of Franchisor.

1.16 "Transfer" means to voluntarily or involuntarily transfer, assign, sell, or encumber any interest in or ownership or control of, the franchised Business, substantial assets of the franchised Business, or of this Agreement. The following shall be deemed to be transfers requiring consent under this Agreement: **(a)** any transfer to a corporation, partnership, limited liability company, or other entity or any conversion of an entity to a different form of entity; **(b)** if Franchisee is a corporation or limited liability company: **(i)** any conversion, dissolution, merger, consolidation, or other reorganization, **(ii)** any issuance, sale, or other transfer of any shares or membership units in an amount sufficient to affect voting control or to a person or entity that is not an existing shareholder or member, **(iii)** any sale of assets not in the ordinary course of business, or **(iv)** any change in the chief executive, operating, or financial officer or any manager; **(c)** if Franchisee is a partnership, any change in or withdrawal of any partner or conversion, merger, consolidation, or other reorganization or any dissolution of the partnership; and **(d)** if Franchisee consists of more than one individual person, any transfer from one person to any other.

Other terms are defined throughout this Agreement.

2. GRANT OF FRANCHISE

2.01 Grant of License. Subject to the terms and conditions of this Agreement, Franchisor grants to Franchisee an exclusive license to operate an Outlet at the Premises, using the Primary Identifying Brand noted on the cover page, and as designated in this Agreement and described in Section 4, using the System and the Marks for the Term of this Agreement. Franchisee may use the Marks and System only in accordance with the terms and conditions of this Agreement.

2.02 Modification of System. Franchisor reserves the right to periodically change, improve, or further develop the System, or any part of the System. Franchisee must promptly accept and comply with any change to the System and make any reasonable expenditure as necessary to comply.

3. TERM AND RENEWALS

3.01 Term of Agreement. This Agreement begins on the Effective Date set forth above, and will continue for a period of ten (10) years thereafter, unless earlier terminated as provided under this Agreement (the "Initial Term").

3.02 Rights Upon Expiration. Upon the expiration of the Initial Term and subject to Section 3.03 below, Franchisee may renew its license for one (1) successive period of ten (10) years (a "Renewal Term"), provided Franchisor does not exercise its rights of refusal as set forth below. The Initial Term and its Renewal Term are referred to herein collectively as the Agreement's "Term."

3.03 Right of Refusal to Renew. Franchisor may refuse, in Franchisor's sole discretion, to renew Franchisee's license if Franchisee:

(a) fails to remedy, in the time frame set forth in this Agreement, any breach of this Agreement specified by Franchisor in a written notice;

(b) has committed two (2) or more material breaches of this Agreement in the preceding twenty-four (24) months prior to expiration;

(c) fails to give notice of Franchisee's intent to renew at least six (6) months, but no more than twelve (12) months, prior to the expiration of the Initial Term. Failure to give timely notice will be considered an election not to renew this Agreement;

(d) Franchisee's lease for its Outlet operated from the Premises does not have a sufficient term to allow Franchisee to operate from such Premises for the full period of the Renewal Term; or

(e) is not current in payment obligations to Franchisor or its subsidiaries and affiliates and to trade creditors, landlords, or mortgage holders at the time Franchisee delivers its notice of renewal or on the date this Agreement is scheduled to expire.

3.04 **Renewal Agreement**. Franchisee must execute a renewal franchise agreement and all other legal agreements in Franchisor's then-current form for new franchisees. These agreements may vary in material aspects from this Agreement including, but not limited to, higher royalty and advertising fees. Franchisee must also make capital expenditures that are reasonably required for the renovation and modernization of the Outlet, signs, or any other required equipment to reflect the then-current image and brand standards of Franchisor.

3.05 **Renewal Fee**. Upon signing a renewal franchise agreement, Franchisee will not be required to pay another Initial Franchise Fee, but will be required to pay the renewal fee of Ten Thousand Dollars ($10,000).

4. TERRITORY

4.01 **Location**. Franchisee may operate the franchised Business only at the Premises and may not relocate the Premises without Franchisor's prior written approval, which may be withheld for any reason.

4.02 **Protected Territory**. During the Term of this Agreement and any extensions, Franchisor will not own, operate or franchise a fixed location for the operation of any other Disc Replay or Mega Replay Outlet within Franchisee's Protected Territory as designated in this Agreement. Franchisee will also have the right to service any persons residing in the Protected Territory, regardless of the method of sales, subject to Franchisor's express reservation of rights set forth in Section 4.04. Once established, the boundaries of Franchisee's Protected Territory will not be adjusted without Franchisor's written consent regardless of whether the population of Franchisee's Protected Territory increases or decreases over time.

4.03 **Soliciting Outside the Protected Territory and Using Alternative Distribution Channels**. Subject to the requirements of Sections 9.01 and 9.02, Franchisee may not solicit or advertise to potential customers who reside outside the Protected Territory without the express written permission of Franchisor. Franchisee may not use alternative distribution channels (as described in Section 4.04(b)) to make sales outside or inside the Protected Territory, without Franchisor's prior written consent, which Franchisor may withhold for any reason or no reason.

4.04 **Reservation of Rights**. Franchisor reserves the rights, among others:

(a) to own, franchise, or operate Outlets at any location outside of the Protected Territory, regardless of the proximity to Franchisee's Territory or Premises;

(b) to use the Marks and System to sell any products and services, similar to those which Franchisee will sell, through alternative channels of distribution within or outside of the Protected Territory, other than through the Outlet at the Premises. This includes, but is not limited to, sales channels such as television, mail order, catalog sales, telemarketing, wholesale to unrelated Outlets, over the Internet, or other direct marketing sales methods. The Internet is a channel of distribution reserved exclusively to Franchisor, and Franchisee may not independently market on the Internet or conduct e-commerce;

(c) to purchase or be purchased by, or merge or combine with, any businesses wherever located, including a business that competes directly with Franchisee's Outlet;

(d) to implement multi-area marketing programs which may allow Franchisor or others to solicit or sell to customers anywhere, as set forth in Section 9. Franchisee will still have the option of servicing any customer within its Protected Territory. Franchisor also reserves the right to issue mandatory policies to coordinate such multi-area marketing programs;

(e) to use alternative channels of distribution to make sales within Franchisee's Protected Territory of products or services under trademarks different from the Marks Franchisee will use under this Agreement; and

(f) to acquire or be acquired by a person or entity establishing a business identical or similar to the Outlet, even if the other business operates franchises and/or licenses competitive businesses anywhere, including in close proximity to the Outlet.

5. FEES AND ROYALTIES

5.01 **Payment of Fees and Royalties**. All payments required under this Section are imposed by and payable to Franchisor, and are non-refundable except as expressly provided below. All payments must be made by any method Franchisor reasonably specifies, including check, cash, certified check, money order, credit or debit card, automatic pre-authorized payment plan, electronic funds transfer, or payment in advance. Franchisee must sign an Authorization Agreement for Preauthorized Payment Service (*see*, Exhibit "A"), and Franchisor may require Franchisee to submit any payments electronically. All payments to Franchisor and dollar amounts stated in this Agreement are in U.S. dollars unless otherwise expressed. Franchisor will not require Franchisee to deposit all Franchisee's revenue into an account that Franchisor controls, or from which withdrawals may be made only with Franchisor's consent, except to secure a loan or financing arrangement by Franchisor.

5.02 **Initial Franchise Fee**. Franchisee must pay an initial franchise fee ("Initial Franchise Fee") of Thirty Thousand Dollars ($30,000). The Initial Franchise Fee is due upon signing of the Franchise Agreement. If Franchisee does not, within nine (9) months of the date of this Franchise Agreement, sign a lease or otherwise acquire a site approved by Franchisor, Franchisor may terminate this Franchise Agreement and refund Franchisee one-half (½) of the

Initial Franchise Fee. The Initial Franchise Fee is fully earned upon payment, and is non-refundable, under any other circumstances.

5.03 Royalties. Franchisee must pay to Franchisor a monthly royalty (the "Royalty") in the amount of two and one-half percent (2.5%) of Gross Sales for the preceding calendar month. The Royalty is due to Franchisor, without notice from Franchisor, on the 10th day of each month. Gross Sales and Royalties must be reported in a form specified by Franchisor (the "Gross Sales Report").

5.04 Late Charges and Collection Costs. Unless otherwise stated, Franchisee must pay interest at the rate of one percent (1%) per month for any late payments due under this Agreement, or the maximum interest rate allowed by applicable law, whichever is less. Franchisee must pay any damages, expenses through appeal, collection costs, and reasonable attorneys' fees Franchisor incurs in connection with Franchisee's failure to make any required payments.

5.05 Taxes and Debts. Franchisee will promptly pay when due all taxes, fees, debts, expenses, and assessments of the franchised Business, including payroll taxes. Franchisee will not permit a tax sale, seizure, levy, execution, and bankruptcy, assignment of assets for or by creditors, or similar action to occur.

5.06 Technology Maintenance and Support Fee. Franchisee must pay to Franchisor a monthly technology maintenance and support fee (the "Technology Fee") in the amount of two hundred dollars ($200) in support of the maintain of Franchisor's proprietary technologies. The Technology Fee is due to Franchisor, without notice from Franchisor, by the tenth (10th) calendar day of each month. Franchisor reserves the right to raise the Technology Fee to not more than three hundred dollars ($300) per month upon written notice to Franchisee.

5.07 Administrative Technology Fee. Franchisee must pay to Franchisor a monthly administrative technology fee (the "Administrative Fee") which varies depending on the number of user accounts or transaction volumes required by Franchisee in support of centralized technology, software subscriptions, and administrative support services (such as email accounts, training, accounting tools, and related services). The Administrative Fee is due to Franchisor by the tenth (10th) calendar day of each month in such amount as designated by Franchisor.

6. MARKS

6.01 Marks. Franchisee must only use the Marks in the conduct of the Business as specified in this Agreement. Any unauthorized use of the Marks by Franchisee will constitute a breach of this Agreement and an infringement on Franchisor's rights in and to the Marks. At Franchisor's sole option, Franchisor may pursue the remedies available under trademark counterfeiting laws, in addition to or instead of trademark infringement. As between Franchisor and Franchisee, Franchisor has a prior and superior claim to the Marks, and Franchisee has no rights in the Marks other than the right to use them in the operation of the Business in compliance with this Agreement.

6.02 Authorized Marks. Franchisee shall use no trademarks other than DISC REPLAY®, MEGA REPLAY®, or any other Marks that Franchisor may specify for use in the identification, marketing, promotion, or operation of the Business, as indicated on the cover page of this Agreement. If Franchisee cannot lawfully use the Marks in the Protected Territory, Franchisee must obtain Franchisor's written approval to use other trademarks. Franchisee must also follow all trademark usage policies that Franchisor may provide to Franchisee in writing from time to time, which may be set forth in the Manual.

6.03 **Change of Marks**. Franchisor may add, modify, or discontinue any Marks to be used under the System. Within a reasonable time of receiving written notification of any change, Franchisee must comply with the change, at Franchisee's sole expense.

6.04 **Limitations on Franchisee's Use of the Marks**. Franchisee must use the Marks as the sole identification of the Business, but must also identify itself as the independent owner of the Business in the manner prescribed by Franchisor. All Marks must be displayed in the manner prescribed by Franchisor. Franchisee may not use the Marks, or any words or symbols similar to the Marks, alone or with any prefix, suffix, modifying words, terms, designs, or symbols:

` **(a)** as part of any entity or business name;

(b) in conjunction with any documents, contracts, licenses, permits and other official documents. Any reference to the Marks in any document must state that Franchisee's use of the Marks is limited by this Agreement;

(c) in any form on the Internet including, but not limited to, addresses, domain names, links, metatags, locators, and search techniques;

(d) in connection with the performance or sale of any unauthorized services or products; or

(e) in any other manner not expressly authorized by Franchisor.

6.05 **Marks on the Internet**. Franchisor retains the sole right to use the Marks and market on the Internet, including all use of Web Sites, domain names, URL's, linking, advertising, and co-branding arrangements. Franchisee may not establish a presence on the Internet except as Franchisor may specify, and only with Franchisor's prior written consent. Franchisee will provide Franchisor with content for Franchisor's Internet marketing, and Franchisee must sign the Internet and intranet usage agreements when developed by Franchisor.

6.06 **Marks in Advertising**. Subject to Section 9.03, Franchisee must obtain Franchisor's prior written approval for any use of any item of printed, audio, visual, Internet, electronic media, or multimedia material of any kind bearing any of the Marks, unless supplied by Franchisor. Franchisee must indicate that it is "independently owned and operated."

6.07 **Goodwill**. All usage of the Marks by Franchisee and any goodwill associated with the Marks, including any goodwill that might be deemed to have arisen through Franchisee's operation of the Business or other activities, will inure to the exclusive benefit of Franchisor.

6.08 **Infringement**. Franchisee must notify Franchisor in writing within three (3) calendar days of obtaining knowledge of any possible infringement or illegal use by others of a trademark which is the same as or confusingly similar to the Marks. Franchisor may, in its sole discretion, commence or join any claim against the infringing party, and bear the reasonable costs associated with the action. Notwithstanding anything in this Franchise Agreement to the contrary, however, Franchisor has no obligation to commence any claim against any infringing party. Nothing in this Franchise Agreement grants or assigns to Franchisee any claim or cause of action for infringement of the Marks, or any right to commence any claim against any infringing party without the written consent of Franchisor.

6.09 Indemnity Relating to Marks. Franchisor shall indemnify and hold Franchisee harmless from any suits, proceedings, demands, obligations, actions or claims, including costs and reasonable attorneys' fees, for any alleged infringement asserted by third-parties under federal or state trademark law arising solely from Franchisee's use of the Marks in accordance with this Agreement or as otherwise set forth by Franchisor in the Manual or otherwise in writing if Franchisee has promptly notified Franchisor of such claim and cooperated in the defense of any claim. If Franchisor undertakes the defense or prosecution of any litigation pertaining to any of the Marks, Franchisee agrees to execute any and all documents and do such acts and things as may, in the opinion of counsel for Franchisor, are necessary to carry out such defense or prosecution. Franchisor shall have no obligation hereunder to indemnify Franchisee if the applicable claim of infringement arises directly or indirectly from Franchisee's failure use of the Marks in accordance with this Agreement or as otherwise set forth by Franchisor in the Manual or otherwise in writing. In such circumstances, Franchisee will indemnify and hold Franchisor harmless from any such claims as provided in Section 12.13 below.

6.10 Signage. As specified by Franchisor, Franchisee must display signage bearing the Marks and identifying the Premises as an Outlet, and signage indicating that the Business is independently owned and operated as a franchised Business. All signage must remain current with the System's standards as Franchisor may modify from time to time at its discretion.

7. MANUAL AND CONFIDENTIAL INFORMATION

7.01 Confidential Information. The System, the Manual, and all other Confidential Information are proprietary, involve Trade Secrets of Franchisor, and are disclosed to Franchisee solely on the express condition that Franchisee agrees, and Franchisee does hereby agree to:

(a) fully and strictly adhere to all security procedures prescribed by Franchisor, in its sole discretion, for maintaining the proprietary information as confidential;

(b) disclose such information to its employees only to the extent necessary to market products and services and for the operation of the Business in accordance with this Agreement, and only if, before disclosure, such employees have executed a written confidentiality agreement with Franchisee that imposes at least the same confidentiality obligations as those provided in this Franchise Agreement;

(c) not use any such information in any other business or in any manner not specifically authorized or approved in writing by Franchisor; and

(d) exercise the highest degree of diligence and make every effort to maintain the absolute confidentiality of all such information during and after the Term of this Agreement, and follow Franchisor's security procedures, which include the execution of approved nondisclosure agreements, and intranet, extranet and Internet usage agreements when developed by Franchisor, by Franchisee and any employee or agent who is allowed access.

7.02 Standards and Authorized Use. Franchisee must maintain strict compliance with the Manual and all other mandatory product and service specifications, as presently set forth and as subsequently amended and revised by Franchisor in its sole discretion.

7.03 Unauthorized Use. Franchisee must not copy or otherwise reproduce any Confidential Information, and must establish procedures to prevent unauthorized use by any other person. Unauthorized use of the Manual or the System will constitute a breach of this Agreement and an infringement of Franchisor's proprietary rights, including Trade Secrets and copyrights. Franchisee must promptly report any unauthorized use of the Manual or other Confidential Information to Franchisor.

7.04 Manual. Franchisor will lend to Franchisee during the Term of this Agreement one (1) copy of Franchisor's confidential Manual, which may be in print, on an access code-protected Company intranet or extranet, or through other media. Franchisor reserves the right to require Franchisee to use the Manual in only an electronic format. The Manual will at all times remain the property of Franchisor, and Franchisee must immediately return the Manual to Franchisor upon expiration, termination, or Transfer of this Agreement. Franchisor may periodically update and revise the Manual at Franchisor's sole discretion. Franchisee acknowledges that its entire knowledge of the operation of the Business is and shall be derived from information disclosed to Franchisee by Franchisor and that such information is proprietary, confidential and a Trade Secret of Franchisor. Franchisee shall maintain the absolute confidentiality of all such Trade Secrets during and after the Term of this Agreement, and shall not use any such information in any other business or in any manner not specifically authorized or approved in writing by Franchisor. Franchisee is bound by the standards for maintaining the privacy of the Manual in the same manner as all other Confidential Information set forth above.

7.05 Ownership of Business Records. Franchisee acknowledges and agrees that Franchisor has access to all Business Records with respect to customers, employees, and other service professionals of, and related to, the franchised Outlet including, without limitation, all databases (whether in print, electronic or other form), including all names, addresses, phone numbers, e-mail addresses, customer purchase records, and all other records contained in the database, and all other Business Records created and maintained by Franchisee. Franchisee further acknowledges and agrees that, at all times during and after the termination, expiration or cancellation of this Agreement, Franchisor may access such Business Records, and may utilize, transfer, or analyze such Business Records as Franchisor determines to be in the best interest of the System, in Franchisor's sole discretion.

8. FRANCHISOR'S DUTIES

8.01 Services Provided by Franchisor. Franchisor will provide initial and continuing services as it deems necessary or advisable in furthering Franchisee's Business and the business of the System as a whole and in connection with protecting the Marks and goodwill of Franchisor and the System. Provision of services by Franchisor, either initial or continuing, is independent from the payment of the Initial Franchise Fee and the continuing Royalty. Franchisor will provide the services listed below on a continuing basis.

8.02 **Site Selection**. Franchisee is solely responsible for locating a site for the Business and negotiating a lease for the property. Franchisee agrees that the location of the Outlet is a factor in the potential for success of the Business and Franchisor may reject any location in its sole discretion, but consent will not be unreasonably withheld. However, Franchisor's assistance in no way constitutes a representation or warranty with respect to the property or the lease. If Franchisee does not, within nine (9) months of the Effective Date of this Franchise Agreement, sign a lease or otherwise acquire a site approved by Franchisor, Franchisor may terminate this Franchise Agreement and refund Franchisee one-half (½) of the Initial Franchise Fee.

8.03 **Equipment, Inventory, Advertising and Services**. Franchisor will specify or approve certain equipment, inventory, and supplies used in the Business, as provided elsewhere in this Agreement. Franchisor may negotiate marketing programs with suppliers and obtain advertising allowances or rebates for doing so, and may utilize such allowances or rebates in any manner in which Franchisor elects, in its sole discretion.

8.04 **Initial Training**. Franchisor will provide initial training and assistance, as Franchisor may reasonably determine to be appropriate, within one hundred and fifty (150) calendar days of the Effective Date of this Agreement. Franchisor will provide the initial training program at its corporate headquarters, or at another location designated by Franchisor, to Franchisee and one designated Manager (as defined below) or other employee. Franchisee and a designated Manager must attend and satisfactorily complete the initial training program. The training program lasts for approximately five (5) calendar days (eight (8) hours per day), and consists of a discussion of the System, techniques, procedures, and methods of operation, hiring employees, customer service, ordering, sales, procedures, accounting, support procedures and instructions on quality standards and practical experience in the operation of the Outlet. Franchisee is responsible for personal travel, accommodation, and other costs of its employees while attending training. Franchisee will be charged Franchisor's current training fee for any additional persons attending training.

8.05 **Ongoing Training**. Franchisor reserves the right to hold and require Franchisee to attend annual conferences to discuss on-going changes in the industry, sales techniques, personnel training, bookkeeping, accounting, inventory control, performance standards, and advertising programs. Franchisee may be required to pay Franchisor a conference fee, as well as all personal travel and living expenses for all of its employees attending the conference. Conferences will be held at Franchisor's corporate headquarters or at an alternate location chosen by Franchisor.

8.06 **Opening and Continuing Assistance**. Franchisor will provide on-site assistance in connection with initial training during the opening of the Outlet. Franchisor will also provide reasonable ongoing assistance by telephone, email, or other form of communication to Franchisee during normal business hours. If Franchisee requires additional on-site assistance, Franchisee will be charged Franchisor's then-current additional assistance fee per day, plus travel and living expenses for Franchisor's representative.

8.07 Advertising and Promotional Programs. Franchisor will provide advertising and promotional programs as set forth in Section 9.

8.08 Development of Programs. Franchisor may develop new products and service methods, as Franchisor deems beneficial to the System. Franchisor will offer such new products and service methods to Franchisee on terms reasonably determined by Franchisor.

8.09 Modification of System. Franchisor may periodically continue to improve, make reasonable modifications, and revise the Manual and the specifications, standards, and operating procedures and rules of the System, as set forth in Section 2.02. No such modification shall alter Franchisee's fundamental rights under this Agreement.

8.10 Central Purchasing. Franchisor reserves the right to implement a centralized purchasing system for franchisees and negotiate prices and terms with suppliers and to receive rebates from such purchases by Franchisees. Franchisor may utilize such rebated funds in any manner it chooses in Franchisor's sole discretion.

8.11 Web Site. Franchisor will provide information regarding Franchisee's Business on its Web Site, as set forth in Section 9.02.

8.12 Delegation. Franchisee agrees that Franchisor shall have the right to delegate to third-party designees, whether Franchisor's agents or independent contractors with whom Franchisor has contracted, the performance of any portion or all of Franchisor's obligations under this Agreement, and any right Franchisor has under this Agreement. If Franchisor does so, such third-party designees will be obligated to perform the delegated functions for Franchisor in compliance with this Agreement.

9. MARKETING AND ADVERTISING

9.01 Marketing. Except as stated in this paragraph, Franchisee may not directly market to or solicit customers who reside outside the Protected Territory. However, Franchisee may conduct advertising within the metropolitan area in which Franchisee's Protected Territory is located, if such advertising is available only on a metropolitan-wide basis. In addition, Franchisee will have the exclusive right to service customers within the Protected Territory generated by Multi-Area Marketing Programs except through the Internet.

9.02 Franchisee Advertising.

(a) Grand Opening Advertising. In accordance with the "Buying Blitz/Grand Opening Advertising Program" provided by Franchisor in writing, within a period of ten (10) weeks from the opening of Franchise's Outlet, Franchisee must spend at least Twenty thousand Dollars ($20,000) in Grand Opening Advertising (local) expenses within Franchisee's Protected Territory pursuant to Franchisor's Buying Blitz/Grand Opening Advertising Program. This Grand Opening Advertising expense obligation is in addition to Franchisee's ongoing local advertising spend requirements set forth below. Franchisor may designate specific vendors that must be retained by Franchisee to implement Franchisee's Grand Opening advertising obligations.

(b) Local Advertising. Franchisee will be required to spend at least Three Thousand Dollars ($3,0000) on advertising and promotion each month for the Outlet. Such local advertising spend will be reported to Franchisor on Franchisee's Gross Sales Report, which are due to Franchisor by the 10th day of each month for the previous month's expenses.

(c) Multi-Area Marketing. Franchisee must also participate, at Franchisee's expense, in any Multi-Area Marketing Programs as determined by Franchisor. All expenditures will be reported to Franchisor at such times and in such manner as Franchisor specifies, including by electronic means. Franchisee may not advertise in any media with a primary circulation outside Franchisee's Protected Territory, except with Franchisor's written consent and with the consent of any franchisee whose territory is reached by the media. However, Franchisee may advertise in media whose circulation is primarily inside Franchisee's Protected Territory, even if it also reaches outside Franchisee's Protected Territory. All Internet marketing is a part of Multi-Area Marketing Programs, and must be coordinated through and approved by Franchisor. Franchisee may not market independently on the Internet or acquire an independent Internet domain name or Web site, but Franchisor will include Franchisee's Outlet on its Web Site.

(d) Regional Cooperative Advertising. Franchisee shall join any regional advertising cooperative which has been or may be formed consisting of franchisees and/or Franchisor-owned or affiliate-owned Outlets in Franchisee's area. Franchisee will not be required to contribute more than One Thousand Five Hundred Dollars ($1,500) per month (on a per Outlet basis for all regional cooperative members) to such regional cooperative. Franchisee's contributions to such regional advertising cooperative will be applied to reduce Franchisee's local advertising obligations as set forth in Section 9.2(b) above. Other than the imposition of this above-referenced cap on contributions, Franchisor assumes no direct or indirect liability or obligation to Franchisee or to any regional cooperative with respect to the maintenance, direction, or administration of the cooperative including, without limitation, any failure by any franchisees to make any contributions to the cooperative.

9.03 Advertising and Marketing Materials. Franchisor will provide Franchisee with one sample of all advertising and marketing materials which may include, but are not limited to, video and audiotapes, multimedia, print-ready advertising materials, posters, banners, and other items. Franchisee must purchase any additional copies of advertising and marketing materials from Franchisor. Franchisee may develop and produce additional advertising and marketing materials, at Franchisee's own expense, but any advertising and marketing materials must be approved in writing by Franchisor in advance of Franchisee's use of such materials. Franchisor will approve or disapprove of materials submitted by Franchisee within fifteen (15) calendar days of receipt by Franchisor. Franchisor also reserves the option of utilizing the advertising, without cost, developed by Franchisee and providing the advertising to other franchisees.

9.04 National Marketing Fund. As of the date of this Franchise Agreement, Franchisor has not implemented a national marketing program. Franchisor reserves the right to do so upon thirty (30) calendar days' notice to Franchisee. If implemented, Franchisee will pay a fee into the "National Marketing Fund" to defray the cost of System advertisements on a regional, national, or international level. Franchisee will pay a National Marketing Fund contribution equal to one percent (1%) of Franchisee's Gross Sales at the same time and in the same manner as the Royalty. At Franchisor's sole option, there may be one combined National Marketing Fund or separate

Funds for Disc Replay Outlets and Mega Replay Outlets. Franchisor will hold the National Marketing Fund contributions in a separate bank account. Franchisor will use the National Marketing Fund for regional, national, Internet, or international advertising or marketing, development and maintenance of any Internet or e-commerce programs, related expenses, and any media or agency costs. Franchisor may also use the National Marketing Fund to attend franchise trade shows and other events. Franchisee acknowledges and agrees that expenditures from the National Marketing Fund may or may not be proportionate to contributions made by Franchisee or provide a direct or any benefit to Franchisee. The National Marketing Fund will be spent at Franchisor's sole discretion, and Franchisor has no fiduciary duty with regard to the National Marketing Fund. Franchisor may accumulate the amounts in the National Marketing Fund (and all interest and other earnings thereon), and the balance may be carried over to subsequent years. If the National Marketing Fund operates at a deficit or requires additional funds at any time, Franchisor reserves the right to lend such amounts to the National Marketing Fund on any terms Franchisor determines. Franchisor may also utilize the National Marketing Fund to reimburse itself for administrative expenses incurred in administering the National Marketing Fund. An unaudited annual financial statement of the National Marketing Fund will be prepared within one hundred twenty (120) calendar days of the close of Franchisor's fiscal year and will be available to Franchisee upon request.

10. CONSTRUCTION AND MAINTENANCE OF OUTLET

10.01 Outlet Construction. Franchisee must construct or build-out a building (leased or purchased) and equip the Outlet, at Franchisee's expense, in a good and workmanlike manner and in accordance with Franchisor's requirements and specifications. All construction or build-out work must be completed in accordance with the standards and specifications of Franchisor, and must conform to all applicable zoning and other requirements of local authorities. Construction or build-out must be completed and Franchisee must open for business within eighteen (18) months from the Effective Date of this Agreement. In the event Franchisee does not open for business within such eighteen (18) month period, Franchisor may terminate this Franchise Agreement, in which event Franchisee is not entitled to any refund of the Initial Franchise Fee.

10.02 Property. Franchisee may purchase or lease the required real property and improvements from any source upon terms approved by Franchisor in writing. Proposals for location of the Outlet must be submitted to Franchisor within six (6) months of the Effective Date of this Agreement. Franchisee must deliver to Franchisor any traffic, competition, and demographic and similar location information relating to any proposed site that Franchisor reasonably requests for review at least twenty (20) calendar days before any proposed lease signing date. Franchisee must deliver to Franchisor a copy of the proposed lease and an option to assume the lease signed by the lessor in favor of Franchisor in the form of Lease Assignment Agreement attached hereunder as Exhibit "C." Franchisor will provide Franchisee with standard sample floor layouts and architectural plans, but all final plans must be approved by Franchisor.

10.03 Lease Riders. If Franchisee leases the Premises, the lease must contain the following provisions:

(a) on termination of this Agreement for any reason, Franchisor or its designee will have the option for thirty (30) calendar days to assume Franchisee's remaining lease obligations without accruing any liability regarding the lease prior to the effective date of any assignment, or Franchisor will have the right to execute a new lease for the remaining term of the lease (including all renewal rights) on the same terms and conditions;

(b) all notices of default to Franchisee under the lease must be sent contemporaneously to Franchisor;

(c) in the event Franchisee defaults under the lease, Franchisor or its designee will have an opportunity, but not the obligation, to cure such default and to assume Franchisee's remaining obligations under the lease, but will not have any obligation to do so; and

(d) a provision reserving to Franchisor the right, at Franchisor's sole and absolute election, to receive an assignment of the leasehold interest from Franchisee upon termination or expiration of this Agreement, or any termination of Franchisee, and the right to reassign the lease without becoming liable on the lease and without further approval from the landlord or additional charge.

10.04 Maintenance and Upgrades. Subject to the terms of this Section 10, Franchisee must at all times comply with Franchisor's standards, specifications, processes, procedures, requirements and instructions regarding the Outlet's physical facilities, including the layout of furnishings and fixtures. Franchisee must maintain the Outlet and any parking areas in good and safe condition. Franchisee must remodel or upgrade the Outlet at its own cost in accordance with Franchisor's reasonable standards and requests.

11. RECORDS AND REPORTS

11.01 Records. Franchisee must keep and transmit complete and accurate Business Records on a current basis relating to the Business in the form, time, and manner that Franchisor prescribes. Franchisee must provide Franchisor with all hard copies, and access to electronic reports, as reasonably prescribed. Franchisee must utilize the POS System and otherwise maintain an accounting system which accurately reflects all operational aspects of the Outlet including uniform reports as may be required by Franchisor. Franchisee must submit to Franchisor current financial statements and other reports as Franchisor may reasonably request to evaluate or compile research data on any operational aspect of the Outlet. Franchisor reserves the right to require that Franchisee make available its sales records and files by way of an Internet connection. Business Records will specifically also include: **(a)** tax returns; **(b)** daily reports; **(c)** statements of Gross Sales and expenses, to be prepared each month for the preceding month; **(d)** profit and loss statements, to be prepared at least quarterly and by an independent Certified Public Accountant annually; and **(e)** balance sheets, to be prepared at least annually by an independent Certified Public Accountant.

Franchisee must keep accurate records relating to the franchised Business for a period of three (3) years after the termination or expiration of this Agreement.

11.02 Records Standards. Franchisee must prepare all financial reports in accordance with generally accepted accounting principles, consistently applied, in a form approved by Franchisor. Franchisee must periodically deliver to Franchisor copies of accounting, tax and other documents and information within five (5) business days of Franchisor's request. Franchisee must provide Franchisor with a copy of its annual financial statements including a profit and loss statement and a balance sheet containing complete notes and disclosures. Such statements must be compiled by an independent Certified Public Accountant, and be delivered to Franchisor within ninety (90) calendar days after Franchisee's fiscal year end.

11.03 **Audits**. Franchisee must provide Franchisor or its agents access to Franchisee's Business and computer systems to examine or audit Franchisee's Business, at any reasonable time without notice. Franchisor will bear the cost of the audit, unless Franchisee fails to report as required or understates Gross Sale by two percent (2%) or more for any reported time period, in which case Franchisee will pay the audit cost plus interest on understated costs of one percent (1%) per month. Franchisee must immediately pay to Franchisor all sums owed in addition to any other remedies provided in this Agreement or by law.

12. FRANCHISEE'S DUTIES

12.01 **Compliance with Applicable Laws**. Franchisee shall: **(a)** comply with all applicable laws, ordinances and regulations or rulings, or licensing requirements, of every nature whatsoever which in any way regulate or affect the operation of its Business; **(b)** pay promptly all taxes and business expenses relating to its Business; and **(c)** comply with all laws covering occupational hazards, accommodations for the disabled, including without limitation, the Americans with Disabilities Act, if applicable, health, workers' compensation insurance and unemployment insurance. Franchisee agrees, at its expense, to modify its Outlet, if necessary, to comply with any such applicable laws or regulations. Franchisee shall not engage in any activity or practice that results, or may reasonably be anticipated to result, in any public criticism of the System or any part thereof.

12.02 **System Compliance**. Franchisee must comply with all System requirements, the Manual, and all other procedures and forms provided by Franchisor and as in effect from time to time. All mandatory specifications, standards, and operating procedures prescribed by Franchisor in the Manual and/or as otherwise communicated to Franchisee in writing shall constitute provisions of this Agreement as if fully set forth herein. Accordingly, all references in this Agreement to Franchisee's obligations under this Agreement, including to the Outlet, the Business, equipment, procedures, products and materials, shall include such mandatory specifications, standards, and operating procedures. Franchisor may require Franchisee to add additional products or concepts to the Business in the future, at Franchisee's expense.

12.03 **Uniformity and Image**. In order to maintain uniform standards of quality, appearance, and marketing, it is essential that Franchisee conform to Franchisor's standards and specifications. While Franchisee will manage its own operations and employees, Franchisee must agree and conform to all the requirements of this Section. Franchisee must enforce all dress and appearance standards for employees that Franchisor may establish. Franchisee must verify that its employees meet all state and local requirements for certification and meet all prerequisites for employment in the United States.

12.04 **Operations and Personnel**. Franchisee must operate the Business in accordance with the System's requirements, as amended by Franchisor in Franchisor's discretion. Franchisee or a fully trained and qualified manager ("Manager") approved by Franchisor must participate personally and full-time in the Business. Franchisee or its manager shall hire all employees of the Outlet and shall be exclusively responsible for the hiring, retention, firing, scheduling, wages, benefits, vacations, discipline, performance evaluations, awards, promotions, demotions, work assignments, time off, and all other terms of their employment and compensation and for the proper training of such employees. Franchisee shall notify and communicate clearly with its employees in all dealings including, without limitation, its employment applications, written and electronic correspondence, paychecks, employee handbooks, employment policies and procedures, other materials, that Franchisee (and only Franchisee) is their employer and that Franchisor is not their employer or co-employer. Franchisee must, on all employment applications provided to employee applicants, have printed on said applications: "*You are applying for a job to work for an independently owned Franchisee and not for the Franchisor*" or words of similar intent.

12.05 Right of Entry and Inspection. Franchisee must permit Franchisor or its authorized agent or representative to enter the Outlet during normal business hours and to reasonably inspect the operations of the franchised Business. Without any liability to Franchisee, Franchisor may confiscate any materials which Franchisor, in its reasonable judgment, determines to be either illegal or in violation of this Agreement. Franchisor shall have the right to observe Franchisee and its employees in the rendering of services, to confer with Franchisee's employees and customers and to generally review the Business operations for compliance with the standards and procedures set forth in the Manual and/or as otherwise mandated by Franchisor.

12.06 Restrictions on Services and Products. Franchisee is prohibited from offering or selling any services or products not authorized by Franchisor as being a part of the System. Franchisee shall purchase all products, equipment, services, supplies and materials required for the operation of the Business from suppliers designated or approved by Franchisor. However, if Franchisee proposes to offer, conduct or utilize any services, products, materials, forms, items, supplies or services for use in connection with or sale through the Business which are not previously approved by Franchisor as meeting its specifications, Franchisee shall first request approval in writing from Franchisor. Franchisor may, in its sole discretion, for any reason whatsoever, elect to withhold such approval; *however*, in order to make such determination, Franchisor may require submission of specifications, information or samples of such products, services, materials, forms, items or supplies. Franchisor will advise Franchisee within a period of sixty (60) calendar days of receipt of all required information as to whether such products, services, materials, forms, items or supplies meet its specifications. If there is no designated or approved supplier for particular items, Franchisee may purchase from suppliers approved in advance by Franchisor who meet all of Franchisor's specifications and standards as to quality, composition, finish, appearance and service, and who shall adequately demonstrate their capacity and facilities to supply Franchisee's needs in the quantities, at the times, and with the reliability requisite to an efficient operation of the Business. Franchisee acknowledges that Franchisor has the right to require that Franchisee purchase other products or services exclusively from Franchisor or its designees. In that event, Franchisor or its designees may derive revenue, rebates and/or profits from said purchases. Franchisor also has the right to impose a surcharge on approved suppliers.

12.07 Limitations on Supply Obligations. Nothing in this Agreement shall be construed to be a promise or guarantee by Franchisor as to the continued existence of a particular product, nor shall any provision herein imply or establish an obligation on the part of Franchisor and its affiliates to sell products to Franchisee if Franchisee is in arrears on any payment to Franchisor or otherwise in default under this Agreement. If Franchisee fails to pay in advance in full for each shipment of products purchased, Franchisor shall not be obligated to sell products to Franchisee. In addition, Franchisor may impose interest on any late payments on the terms described in Section 5.04.

12.08 Insurance. Franchisee must keep in force insurance policies as prescribed by Franchisor at all times during the Term of this Agreement and any renewals. Minimum insurance requirements may be set forth in the Manual and updated from time to time. As of the Effective Date, Franchisee's insurance coverage must include: **(a)** workers' compensation insurance in amounts prescribed by law in Franchisee's territory; **(b)** fire and lightning, extended coverage, theft, vandalism and malicious mischief, flood (if the Outlet is in a Designated Flood Hazard Area), and sprinkler leakage insurance on the Outlet and all fixtures, equipment, supplies and other property used in the operation of the Outlet, for not less than 100% of the replacement value of the same, except that an appropriate deductible clause will be permitted; **(c)** comprehensive general liability ("CGL") insurance and product liability insurance coverage with coverage limits of at least $2,000,000 per occurrence, insuring both Franchisee and Franchisor against all claims, suits, obligations, liabilities and damage, including attorneys' fees, based upon or arising out of actual or alleged personal injuries or property damage relating to Franchisee's Business and/or the use or condition of the Outlet; **(d)** cyber-crimes, risks, and liability ("Cyber Insurance") coverage with limits of at least $1,000,000 per each occurrence; and **(e)** such additional insurance as may be required by the terms of any lease or mortgage for the Outlet or as otherwise required by Franchisor. Franchisee's CGL and Cyber Insurance policies shall name Franchisor as additional named insured. All policies shall provide that Franchisor shall receive at least thirty (30) days' prior written notice of cancellation. Original or duplicate copies of all insurance policies, certificates of insurance or other proof of insurance acceptable to Franchisor shall be furnished to Franchisor together with proof of payment within thirty (30) calendar days of issuance thereof. In the event Franchisee fails to obtain the required insurance and keep the same in full force and effect, Franchisee shall pay Franchisor upon demand the premium cost thereof, which Franchisor shall then forward to the insurance carrier. Notwithstanding the foregoing, failure of Franchisee to obtain insurance constitutes a material breach of this Agreement entitling Franchisor to terminate this Agreement pursuant to the provisions of this Agreement.

12.09 Appearance and Customer Service. Franchisee shall: **(a)** maintain its Outlet and its Business in a clean and attractive manner; **(b)** give prompt, courteous and efficient service to the public; and **(c)** otherwise operate the Business in strict compliance with Franchisor's policies, practices and procedures so as to preserve, maintain and enhance the reputation and goodwill of the System. Franchisee may not alter, change, or modify the System, including the Outlet or products, in any way without the prior written consent and approval of Franchisor.

12.10 Signs. All signs to be used on or in connection with the Business must be approved in writing by Franchisor prior to their use by Franchisee.

12.11 Training. Franchisee or its designated Manager must complete Franchisor's initial training program described in Section 8.04 above. Franchisee shall train its employees according to standards and procedures established by Franchisor.

12.12 **Correction of Defects**. Should Franchisor notify Franchisee at any time of defects, deficiencies or unsatisfactory conditions in the appearance or conduct of the Business, Franchisee shall correct immediately any such items. Franchisee shall establish and maintain an image and reputation for the Business consistent with the standards set forth in this Agreement, the Manual, or as otherwise specified by Franchisor. Franchisee shall keep its Outlet clean and in good order and repair at all times.

12.13 **Indemnification by Franchisee**. Franchisee will, and hereby does, indemnify and defend Franchisor and its affiliates and their respective officers, directors, owners, agents, representatives, employees, successors and assigns, from and against all losses, costs, liabilities, damages, claims, and expenses of every kind, and including reasonable attorneys' fees (as and when incurred), arising out of, resulting from or related to Franchisee's: **(a)** operation of the Business; **(b)** unauthorized use of the Marks; **(c)** violation of applicable laws; **(c)** breach of this Agreement and/or any other written agreement between Franchisee and Franchisor; **(d)** negligence or intentional acts (including allegations of negligence by Franchisor and its affiliates and their officers, employees, and agents, to the fullest extent permitted by applicable law); and/or **(e)** construction, renovation, upgrading, alteration, remodeling, repair, operation, ownership and use of the Disc Replay Outlets or Mega Replay Outlets. Franchisee must promptly give notice to Franchisor of any action, suit, proceeding, claim, demand, inquiry, or investigation related to the foregoing. Franchisor will have the right, through counsel of its choice, at Franchisee's expense, to control the defense and response to any such action, and such undertaking by Franchisor will not, in any manner, diminish Franchisee's obligations to Franchisor. Under no circumstances will Franchisor or a person indemnified be required to seek recovery from third-parties or mitigate its losses in order to maintain a claim for indemnification against Franchisee under this Agreement, and the failure to pursue such recovery or mitigate a loss will in no way reduce the amounts recoverable from Franchisee by a person indemnified. Franchisee's obligations under this Section will survive the termination or expiration of this Agreement.

12.14 **Computer Systems**. Franchisee must acquire all computer, information processing and communication systems, including all applicable hardware, software, the POS System, and Internet and other network access providers required by Franchisor. Franchisee acknowledges that Franchisor's POS System software is proprietary to Franchisor and that Franchisor may designate itself, its affiliates, and/or third-parties to provide software and other support services for the POS System, which may require Franchisee to enter a separate support and services agreement with any such third-party. Franchisee must comply with any such separate software support or other license agreement that Franchisor or its designee uses in connection with providing these services.

12.15 **Email Systems**. Franchisor has the absolute right to monitor, access, collect, and use any information sent, received, and stored through the POS System (including emails). Franchisees has no expectation of privacy in their use of such email systems.

12.16 **Computer Problems, Viruses, and Attacks**. Franchisee acknowledges and understands that computer systems are vulnerable to computer viruses, bugs, power disruptions, communication line disruptions, Internet access failures, Internet content failures, date-related problems, and attacks by hackers and other unauthorized intruders. Franchisor has taken reasonable steps so that these problems will not materially affect the System. Franchisor does not guarantee that information or communication systems supplied by Franchisor or its suppliers will not be vulnerable to these problems. Franchisee acknowledges and agrees that Franchisee is solely responsible for protecting itself from these problems. Franchisee must also take reasonable steps to verify that Franchisee's suppliers, lenders, landlords, customers, and governmental agencies on which Franchisee relies, are reasonably protected. This may include taking reasonable steps to secure Franchisee's systems including, but not limited to, firewalls, access code protection, anti-virus systems, and use of backup systems.

12.17 **Customer Payment Methods**. Franchisee shall make arrangements for and accept payments systems which Company designates from time to time, as part of the operation of the franchised Business including, but not limited to, credit card payments through Visa, MasterCard, and other credit card and debit card issuers and sponsors, check verification services, electronic funds transfer systems, mobile payment systems, and system-wide gift card programs. Franchisee's use of the POS System and related payment processing systems must be compliant with current Payment Card Industry Data Security standards, all applicable data privacy laws, and any procedures required by Franchisor to prevent credit card fraud. Franchisee shall defend at its own cost and indemnify and hold harmless Franchisor and its affiliates and their respective officers, directors, owners, agents, representatives, employees, successors and assigns, from and against any and all loss, costs, expenses (including reasonable attorneys' fees as and when incurred), taxes, damages and liabilities, however caused, resulting directly or indirectly from Franchisee's failure to comply with Payment Credit Industry Data Security Standards or data privacy laws.

12.18 **Pricing**. Franchisee acknowledges and agrees that Franchisor reserves the right, to the fullest extent allowed by applicable law, to establish maximum, minimum, or other pricing requirements with respect to the prices Franchisee may charge for products and services, and Franchisee will comply with Franchisor's pricing requirements.

12.19 **Anti-Discrimination**. Franchisee shall not discriminate against customers (in the products or services that Franchisee provides) on the basis of race, color, religion, age, sex, sexual orientation, gender identity, marital status, national origin, disability or any other classification protected by governing law, and Franchisee will further comply with any anti-discrimination policies provided by Franchisor as System standards.

12.20 **Ownership of Franchisee**. Prior to the opening of the Outlet, any individual signing as a franchisee may establish a corporation, limited liability company, general partnership, or limited partnership ("Entity") to own and operate the Outlet and may assign this Agreement to the Entity. The Transfer Fee (defined below) required by this Agreement shall not apply to such assignment to the Entity. Franchisee's owners, shareholders, officers, directors, members, managers and partners (or persons holding comparable positions in non-corporate entities) shall be referred to herein as owners. Franchisee must complete and update throughout the Term, as necessary, the "Guaranty of the Franchise Agreement," attached hereto as Exhibit "D." In this regard: **(a)** all persons who own any interest in the Entity and their spouse must guaranty Franchisee's performance under this Agreement by signing the Guaranty of the Franchise Agreement; **(b)** Franchisee shall provide to Franchisor consent resolutions signed by all shareholders, directors, members, managers or partners, as appropriate, designating the principal contact for the Entity and Franchisee. This principal contact must be a controlling shareholder, managing member or general partner. This representative shall have the authority to speak for and bind Franchisee in all matters pertaining to this Agreement, and all matters regarding the Outlet; **(c)** the Entity shall engage in no other business than the operation of the Outlet (or other Outlets franchised to Franchisee by Franchisor); **(d)** Franchisee shall furnish to Franchisor, upon execution or any subsequent transfer of this Agreement, a copy of Franchisee's articles of incorporation, articles of organization, bylaws, operating agreement, partnership agreement or equivalent governing document, as applicable, and shall thereafter promptly furnish Franchisor with a copy of any and all amendments or modifications thereto; **(e)** Franchisee shall promptly furnish Franchisor, on a regular basis, with certified copies of such Entity records material to the Outlet as Franchisor may require from time to time in writing; and **(f)** Franchisee shall maintain transfer restrictions on its records, of any securities or equity interests with voting rights, subject to the restrictions of this Agreement, and each certificate of Franchisee representing ownership or equity interests in the Entity, shall have conspicuously endorsed upon it the following legend:

> *The transfer of this [stock/membership interest/ownership interest] is subject to the terms and conditions of a Franchise Agreement(s) with Replay Holdings, LLC. Reference is made to the provisions of such Franchise Agreement and to the governing documents of [name of Franchisee Entity].*

13. DEFAULT AND TERMINATION

13.01 Termination by Franchisee. Franchisee may terminate this Agreement if Franchisor violates a material provision of this Agreement and fails to remedy or to make substantial progress toward curing the violation within ninety (90) calendar days after receiving written notice from Franchisee detailing the alleged default. If Franchisee terminates this Agreement under this provision, Franchisee must comply with the post-termination obligations set forth in Section 13.03 below.

13.02 Termination by Franchisor. Subject to applicable law to the contrary, Franchisor may, at its option, terminate this Agreement before its expiration as set forth below:

(a) Termination on Thirty (30) Calendar Day's Notice. This Agreement may be terminated by Franchisor thirty (30) calendar days after Franchisor gives written notice of non-monetary default to Franchisee and Franchisee fails to cure any breaches of this Agreement within such thirty (30) calendar day period, in the event that: **(i)** Franchisee fails or refuses to maintain and operate the Business in compliance with this Agreement, the Manual, and/or the System standards; **(ii)** Franchisee fails to comply with any federal, state, or local law or regulation applicable to the operation of the Business or the Outlet; **(iii)** Franchisee is declared in breach of its lease for the Outlet by the lessor; **(iv)** Franchisee is in breach of any other term, condition, or provision of this Agreement; or **(v)** Franchisee fails to open its Outlet for business within eighteen (18) months of the Effective Date of this Agreement.

(b) Termination for Monetary Default. This Agreement may be terminated by Franchisor ten (10) calendar days after Franchisor gives written notice of monetary default to Franchisee and Franchisee fails to cure any such monetary breaches of this Agreement within such ten (10) calendar day period including, but not limited to, Franchisee's failure to pay Franchisor or its affiliates or any suppliers for monetary obligations under this Agreement;

(c) Termination Without Notice. This Agreement and Franchisee's franchised rights and licenses hereunder will immediately terminate without prior notice in the event that: **(i)** Franchisee misrepresented or omitted material facts which induced Franchisor to enter into this Agreement; **(ii)** Franchisee fails to complete the required initial training or has failed to designate an acceptable site for the Outlet pursuant to Section 10; **(iii)** a permanent or temporary receiver or trustee for the Outlet or all or substantially all of Franchisee's assets and/or property is appointed by any court, or any such appointment is consented to or not opposed through legal action by Franchisee; **(iv)** Franchisee makes a general assignment for the benefit of Franchisee's creditors or Franchisee makes a written statement to the effect that Franchisee is unable to pay its debts as they become due, or a levy or execution is made on Franchisee's rights under this Agreement, or an attachment or lien remains on the Business, the Outlet or Franchisee's assets for thirty (30) calendar days unless the attachment or lien is being duly contested in good faith by Franchisee and Franchisor is advised in writing; **(v)** Franchisee loses possession or the right of possession of all or a significant part of the Outlet through condemnation, casualty, lease termination or mortgage foreclosure and the Outlet is not relocated or reopened as provided in Section 4.01; **(vi)** Franchisee contests the validity of, or Franchisor's ownership of, any of the Marks in any court or proceeding; **(vii)** Franchisee makes an unauthorized Transfer; **(viii)** Franchisee is a business Entity and any action is taken which purports to merge, consolidate, dissolve or liquidate the Entity without Franchisor's prior written consent; **(ix)** Franchisee voluntarily abandons or ceases operation of the Business for more than ten (10) consecutive calendar days; or **(x)** Franchisee or any owner of greater than twenty percent (20%) of the voting rights of Franchisee Entity or operator is charged or convicted of a felony, a crime involving moral turpitude, or any crime or offense that is reasonably likely, in the sole opinion of Franchisor, to materially and unfavorably affect the System, the Marks, and/or Franchisor's, the System's or the Outlet's goodwill or reputation.

13.03 Effect of Termination. Upon any termination or expiration of this Agreement, all obligations that by their terms or by reasonable implication survive termination, including those pertaining to non-competition, confidentiality, and indemnity, will remain in effect, and Franchisee must immediately: **(a)** pay all amounts owed to Franchisor based on the operation of the Outlet through the effective date of expiration or termination; **(b)** return to Franchisor all copies of the Manual, System standards, customer lists, Business Records, files, instructions, brochures, advertising materials, agreements, Confidential Information and any and all other materials provided by Franchisor to Franchisee or created by a third-party for Franchisee relating to the operation of the Business, and all items containing any Marks, copyrights, and other proprietary items; **(c)** if applicable, cancel or assign within five (5) calendar days all registrations relating to Franchisee's use of any of the Marks, as deemed necessary in Franchisor's sole and absolute discretion; **(d)** Franchisee must notify the telephone, Internet, email, electronic network, directory, and listing entities of the termination or expiration of Franchisee's right to use any numbers, addresses, domain names, locators, directories and listings associated with any of the Marks, and must authorize their transfer to Franchisor or any new franchisee as may be directed by Franchisor (*see*, Collateral Assignment of Telephone Numbers, Addresses and Listings, attached hereto as Exhibit "B"). Franchisee acknowledges that, as between Franchisor and Franchisee, Franchisor has the sole rights to, and interest in, all numbers, addresses, domain names, locators, directories and listings used by Franchisee to promote the Business. Franchisee hereby irrevocably appoints Franchisor, with full power of substitution, as its true and lawful attorney-in-fact, which appointment is coupled with an interest, to execute such directions and authorizations as may be necessary or prudent to accomplish the foregoing; **(e)** cease doing business under any of the Marks, cancel any assumed name registration that includes any of the Marks, assign all domain names and Internet directory listings that contain the Marks to Franchisor, and refrain from identifying itself as a Disc Replay or a Mega Replay franchisee; **(f)** allow Franchisor or representatives access to the Business and the computer systems (including the POS System) to verify and secure Franchisee's compliance with the obligations under this Agreement; **(g)** allow Franchisor to make a final inspection and audit of Franchisee's computer system (including the POS System), books, Business Records and accounts; and **(h)** abide by the terms of the required noncompetition covenant.

13.04 **Failure to Cease or Remove Identification**. If, within thirty (30) calendar days after expiration or termination of this Agreement for any reason, Franchisee fails to remove all signage and displays bearing the Marks from the Outlet which are identified or associated with the System, Franchisor may enter the Outlet to effect removal. In such event, Franchisor will not be charged with trespass nor be accountable or required to pay for any displays or materials. If, within thirty (30) calendar days after expiration or termination of this Agreement, Franchisee has not taken all steps necessary to amend or terminate any registration or filing of any fictitious name or any other registration or filing containing the Marks, Franchisee hereby irrevocably appoints Franchisor as Franchisee's true and lawful attorney for Franchisee, for the purpose of amending or terminating all registrations and filings, this appointment being coupled with an interest to enable Franchisor to protect the System.

13.05 **Other Claims**. Expiration or termination of this Agreement will not affect, modify or discharge any claims, rights, causes of action or remedies, which Franchisor may have against Franchisee, whether such claims or rights arise before or after expiration or termination.

14. TRANSFER

14.01 **Prohibited Acts**. Any unauthorized Transfer or other conveyance by Franchisee, by operation of law or otherwise, or any attempt to do so, shall be deemed void, a material breach of this Agreement, and grounds for termination of this Agreement by Franchisor.

14.02 **Transfer by Franchisor**. Franchisor's obligations under this Agreement are not personal, and Franchisor can unconditionally assign and transfer, in its sole and absolute discretion, this Agreement to another person or business entity at any time. Franchisor does not need permission of Franchisee for the transfer, and may transfer free of any responsibility or liability whatsoever to Franchisee, provided the transferee assumes Franchisor's material obligations. Franchisor may also: **(a)** sell or issue its stock, other ownership interests, or assets, whether privately or publicly; **(b)** merge with, acquire, or be acquired by another entity, including an entity that competes directly with Franchisee; or **(c)** undertake a refinancing, recapitalization, leveraged buyout, or other economic or financial restructuring.

14.03 **Transfer by Franchisee**. Franchisee's obligations under this Agreement are personal and may not be voluntarily or involuntarily sold, pledged, assigned, transferred, shared, subdivided, sub-franchised, encumbered or transferred in any way without the prior express written approval of Franchisor. Franchisor will not unreasonably withhold its consent so long as the proposed Transfer meets the requirements set forth in Section 14.04 below.

14.04 Conditions for Transfer or Assignment. No Transfer of this Agreement will be approved by Franchisor or be effective unless and until: **(a)** Franchisee cures any and all defaults in the performance or observance of any of its obligations under this Agreement or any other agreement with Franchisor at the time Franchisee requests permission to Transfer or assign this Agreement or at the time of the Transfer or assignment; **(b)** Franchisee has settled all outstanding accounts with Franchisor, and Franchisee, and every principal of Franchisee's entity, have executed a general release of Franchisor and all principals of Franchisor from all claims that may be brought by Franchisee or any principal (except as precluded by governing law); **(c)** Franchisee or the proposed transferee pays Franchisor a fee to transfer the Business (the "Transfer Fee") in the amount of Nine Thousand Five Hundred Dollars ($9,500.00) unless the transferee is: **(i)** an Entity of which Franchisee is the majority member or stockholder, or a child, parent, sibling or spouse of Franchisee, in which case no Transfer Fee will be required or **(ii)** another franchisee of Franchisor, in which case the Transfer Fee will be Two Thousand Five Hundred Dollars ($2,500); **(d)** at Franchisor's sole discretion, the transferee executes and agrees to be bound by: **(i)** an assignment and assumption agreement satisfactory to Franchisor, whereby the transferee assumes the obligations of Franchisee under this Agreement or **(ii)** Franchisor's then-current form of Franchise Agreement, for a new term (not equal to the remaining term of the assignor's franchise), which may provide for a different rate for Royalties and advertising payments and contributions required hereunder; **(e)** the proposed transferee pays for, attends, and satisfactorily completes the training program for new franchisees unless: **(i)** the transferee is a current franchisee in good standing in the System or **(ii)** the transferee is and has been a Manager for a period of one (1) year or more of an outlet in good standing; **(f)** the proposed transferee, or the stockholders, partners, members, or trustees and beneficiaries of a proposed transferee, each execute a personal guarantee, jointly and severally guaranteeing the performance of the proposed transferee's obligations to Franchisor; **(g)** the proposed transferee demonstrates to Franchisor's satisfaction that it, in all respects, meets Franchisor's standards applicable to new franchisees regarding experience, personal and financial reputation and stability, willingness and ability to devote his or her full time and best efforts to the operation of the franchised Business, and any other conditions as Franchisor may reasonably apply in evaluating new franchisees. Franchisor must be provided all information about the proposed transferee as it may reasonably require. Because of the Confidential Information available to a franchisee, no assignment to a competitor of the System will be permitted; **(h)** the purchase agreement or transfer agreement between Franchisee and the proposed transferee is acceptable to Franchisor; **(i)** the transferee (or transferor) agrees to remodel the Disc Replay Outlet or Mega Replay Outlet to meet all of Franchisor's then-current standards; and **(j)** Franchisor has been given the opportunity to deliver to the proposed transferee Franchisor's then-current Franchise Disclosure Document and the notice and review period allowed to the transferee under applicable law has expired.

14.05 Transfer to an Entity. Notwithstanding the preceding Section 14.04, Franchisee may Transfer its rights and obligations under this Agreement without Franchisor's consent, to an Entity in which Franchisee owns one hundred percent (100%) of the outstanding voting stock or membership interests, provided: **(a)** Franchisee remains a party to this Agreement and the Entity is added as a co-party; **(b)** Franchisee, or Franchisee's operational partner or Manager approved by Franchisor, continues to devote his or her full time and best efforts to manage the daily operations of the Business; **(c)** the Entity's activities are confined exclusively to operating the franchised Business; and **(d)** the Entity assumes joint and several liability with Franchisee.

14.06 Franchisor's Right to Divulge Information to Prospective Transferees. In the event Franchisee proposes to Transfer its franchised Business, Franchisee authorizes Franchisor to divulge information regarding the selling Franchisee and/or its Business to a prospective transferee, if Franchisor believes that the transferee does not have all the information needed in order to make a reasonable decision, or if Franchisor believes the information furnished by Franchisee to the transferee is inconsistent with the information Franchisor has about Franchisee and/or its Business.

14.07 Death of Franchisee. Upon the death of an individual Franchisee, the rights granted by this Agreement may pass (without payment of any Transfer Fee) to the next of kin or legatees, provided that Franchisee's legal representatives will within one hundred twenty (120) calendar days of Franchisee's death apply in writing to Franchisor for the right to Transfer to the next of kin or legatee Franchisee's rights under this Agreement. Franchisor will not unreasonably withhold permission so long as the proposed transferees meet each of the then-current requirements of franchisees.

14.08 Right of First Refusal. Notwithstanding any provision of this Section 14 to the contrary, Franchisee grants Franchisor the right to purchase the Business on the same terms and conditions specified in a bona fide written offer from a qualified third-party purchaser. Within five (5) calendar days after receipt of the bona fide offer acceptable to Franchisee to Transfer all or part of the Business, Franchisee must forward a signed copy of the written offer to Franchisor. Franchisor will then have access to all Franchisee's Business Records in order to evaluate the offer, and may purchase the Business pursuant to the terms and conditions of the third-party offer upon notification to Franchisee within sixty (60) calendar days of receipt of all required information.

14.09 Election of Right/Set Offs. If Franchisor elects to exercise its option to purchase under this Agreement, Franchisor will have the right to set off against any payment all amounts due from Franchisee under this Agreement and the cost of the appraisal, if any.

14.10 Rights After Refusal. If Franchisor does not exercise its right to purchase within the required timeframe, Franchisee may Transfer the Business to the third-party, but not at a lower price or on more favorable terms than disclosed to Franchisor in writing. Such Transfer remains subject to Franchisor's prior written approval and all other conditions specified in this Agreement. If Franchisor does not Transfer the franchised Business to the transferee on the same terms offered to Franchisor, then Franchisee must again extend the right of first refusal to Franchisor in the manner described above, before another desired transfer.

15. FEES FOR NON-COMPLIANCE.

15.01 Monetary Non-Compliance Fees. If Franchisee commits any of the defaults described in this Section 15, Franchisor may impose monetary fees on Franchisee, in addition to the other remedies set forth in this Section 15 and elsewhere in this Agreement. The imposition of a fee in no manner limits Franchisor's right to exercise any other remedy available under this Agreement or in law or equity. As of the Effective Date, the current non-compliance fee is One Hundred Dollars ($100) per day that Franchisee and its Business remain non-compliant. Such fees may be changed from time to time upon thirty (30) days' written notice to Franchisee.

15.02 Failure to Report Gross Sales and to Furnish Reports, Financial Statements or Tax Returns. Franchisee shall pay Franchisor a fee of One Hundred Dollars ($100.00) per day, beginning on the seventh (7th) day after Franchisor has given Franchisee written notice of the default and up through and including the day the default is cured, if Franchisee fails to report the Gross Sales of the Outlet, or to furnish the reports, financial statements and/or tax returns, as required in Section 11.01 by the stated deadlines.

15.03 Failure to Comply With System Standards. Franchisee shall pay Franchisor a fee of One Hundred Dollars ($100.00) for each and every day, beginning on the seventh (7th) day after Franchisor has given Franchisee written notice of the default and up through and including the day the default is cured, that Franchisee's Outlet fails to comply with Franchisor's System standards as required in Section 12.

16. GENERAL PROVISIONS

16.01 Covenants Not to Compete. During the Term of this Agreement and for a period of two (2) years after termination, Transfer, or expiration of this Agreement for any reason, neither Franchisee, nor its directors, officers, shareholders, owners, affiliates, agents, or guarantors, may participate or serve in any capacity, directly or indirectly, as an owner, director, officer, manager, employee, consultant, representative, agent, lender, lessor, or otherwise, in any business that buys and sells used electronics, entertainment media, small appliances, home décor, kitchen items, sporting goods, tools, pet supplies and other miscellaneous household items, or undertakes electronics repairs. This covenant not to compete applies: **(a)** during the Term of the Agreement, within any state in which Franchisor, Franchisor's Affiliates, or franchisees do business (whether as a Disc Replay or Mega Replay Outlet); **(b)** for a period of two (2) years following expiration, termination or Transfer of this Agreement, within a fifty (50) mile radius from the boundary of Franchisee's Protected Territory and/or within a fifty (50) mile radius of any other Outlet (regardless of where located and whether franchised or Company-owned); **(c)** on the Internet; and **(d)** on any other Multi-Area Marketing channels used by Franchisor. Franchisee acknowledges that the prohibited geographic area may be greater as of the date this covenant not to compete becomes applicable, than as of the Effective Date of this Agreement, if other Disc Replay or Mega Replay Outlets open subsequent to the Effective Date of this Agreement and after the opening of Franchisee's Business.

This covenant not to compete is given in part as consideration for training and access to Franchisor's Confidential Information and Trade Secrets, and which, if used in a competitive business without paying royalties and other payments, would give Franchisee an unfair advantage over Franchisor and Franchisor's franchisees and affiliates. Franchisee acknowledges that the scope and duration of this covenant not to compete is reasonable and is narrowly drawn to protect Franchisor's, its affiliates' and the other franchisees' legitimate business interests. The unenforceability of all or part of this covenant not to compete in any jurisdiction will not affect the enforceability of this covenant not to compete in other jurisdiction, or the enforceability of the remainder of this Agreement. If this covenant not to compete is declared through a final and non-appealable judgment or order of a court of competent jurisdiction to be unenforceable in any respect, Franchisor and Franchisee agree that the court should and is requested to enforce all covenants of non-competition on Franchisee and its owners to the maximum extent allowed by applicable law.

16.02 Stock Ownership. Nothing in this Section will prevent any active officer of Franchisee or member of Franchisee's family either individually or collectively, from owning not more than a total of five percent (5%) of the stock or equity interests of any company, which is subject to the reporting requirements of Sections 11 or Subsection 14(d) of the Securities and Exchange Act of 1934.

17. DISPUTE RESOLUTION

17.01 Negotiation and Notice. The parties agree that they shall first attempt to resolve any dispute relating to or arising out of this Agreement by direct negotiation. Franchisor may provide a procedure for such direct negotiations in the Manual or otherwise to Franchise in writing and any such procedure may be revised periodically in Franchisor's discretion. Franchisee shall give Franchisor written notice of Franchisee's intent to file arbitration or litigation against Franchisor at least fourteen (14) calendar days prior to filing such arbitration or litigation.

17.02 Mediation. Except as otherwise provided herein, before initiating any litigation or arbitration with respect to any dispute arising out of or under this Agreement, the parties agree to first participate in non-binding mediation in Flint, Michigan, *provided, however*, that nothing in this Section shall prohibit Franchisor from seeking a preliminary injunction, temporary restraining order, or other extraordinary relief as otherwise provided, or from commencing arbitration proceedings for the purposes of tolling any statute of limitations, or otherwise preserving any of its legal or equitable rights. Except as set forth herein, the mediation shall be in accordance with commercial mediation procedures of the American Arbitration Association ("AAA"). Mediation shall be initiated by a party's submission to the AAA of a written request for mediation, which shall contain the mediation requirements contained in this Agreement, and shall satisfy the requirements of the applicable the AAA mediation rules, a copy of which request shall be delivered to the other party. Unless otherwise mutually agreed, mediation shall commence within two (2) weeks after the selection of the mediator. Mediation shall continue until the parties agree to terminate the process, the mediator determines that the process will not lead to a resolution of the dispute (*i.e.*, has reached an impasse), or ten (10) business days have elapsed since the commencement of mediation and the parties do not by mutual agreement extend the process. Any recommendation or decision by the mediator shall be non-binding and confidential. The fees and expenses of the mediator shall be shared equally by the parties, and each party shall bear its own costs otherwise. In the event the dispute is not resolved through mediation under this Section, either party may proceed immediately to arbitration concerning the dispute as prescribed in Section 17.03.

Each party hereby agrees that all statements made in the course of mediation shall be strictly confidential, and shall not be disclosed to or shared with any third-parties, other than the mediator. Each party also agrees that any documents or data specifically prepared for use in good faith negotiations and/or mediation shall not be disclosed to or shared with any third-party except those parties whose presence is necessary to facilitate the mediation process. The parties agree not to make copies of any such documents, and to return them to the other party upon the conclusion of the mediation. Each party agrees and acknowledges that no statements made in, or evidence specifically prepared for mediation shall be admissible for any purpose in any subsequent proceedings.

17.03 Arbitration.

(a) Mandatory Arbitration. SUBJECT TO THOSE PRIOR PROVISIONS REGARDING DIRECT NEGOTIATIONS, AND MEDIATION, any and all disputes or controversies between or among the parties to this Agreement and their respective directors, officers, shareholders, owners, affiliates, employees, agents, or guarantors including, without limitation, any disputes or controversies based on, arising out of, or in any way related to this Agreement, any agreements ancillary to this Agreement, the relationship created under this Agreement, the offer or sale of the franchise, or the operation or management of Franchisee, will be resolved in accordance with the Commercial Arbitration Rules of the AAA. Unless otherwise precluded by applicable law, the arbitration hearing will be held in Flint, Michigan. A single arbitrator shall be appointed pursuant to the AAA's rules, and the decision of the arbitrator shall be final and binding upon the parties, and either party shall have the right to seek to enforce judicially any order or award which may be issued by the arbitrator in a court of competent jurisdiction. The arbitrator shall be instructed to issue a reasoned award under the AAA's rules. The arbitrator shall have the power to order discovery on the basis of what is likely to produce material and relevant information in the proceeding. The prevailing party in any such arbitration proceeding shall be entitled to receive full reimbursement for all attorneys' fees and costs reasonably incurred by the prevailing party with regard to the arbitration proceedings, not to include reimbursement for any fees or costs attributable to mediation proceedings provided for herein. Each party must submit or file any claim that would constitute a compulsory counterclaim (under the Federal Rules of Civil Procedure) within the same proceeding as the claim to which it relates. Any such claim that is not submitted will be forever barred.

(b) Limitations Periods. Franchisor and Franchisee agree that no arbitration, and no other form of proceeding permitted hereby, will be maintained by any party to enforce any liability or obligation of the other party, whether arising from this Agreement or otherwise, unless brought before the expiration of the earlier of: **(i)** one (1) year after the date of discovery of the facts resulting in such alleged liability or obligation or **(ii)** two (2) years after the date of the first act or omission giving rise to such alleged liability of obligation, except that where state or federal law mandates or makes possible by notice or otherwise a shorter period, such shorter period shall apply; provided that an action to enforce a judgment obtained in any arbitration or other proceeding permitted hereby may be brought as permitted by law.

(c) Arbitrability of Injunctive Relef. Except as expressly provided herein, all claims by Franchisor or Franchisee seeking temporary, preliminary, permanent or any other form of mandatory or prohibitory injunctive relief, or any other extraordinary remedy, shall be submitted in the arbitration proceedings to be conducted pursuant to this Section, it being acknowledged that such relief is available in such proceedings when appropriate. Franchisor and Franchisee agree to each use their best efforts to expedite consideration of any form of preliminary injunctive requests which may be made in such proceedings. However, it is specifically agreed and understood that Franchisor may bring an action in any court of competent jurisdiction for injunctive or other extraordinary relief, without the necessity of posting any bond (and if bond shall nevertheless be required by a court of competent jurisdiction, the parties agree that the sum of One Hundred Dollars ($100) shall be sufficient bond), as Franchisor deems necessary or appropriate: **(i)** respecting the use or display of the Marks of Franchisor or **(ii)** to otherwise compel Franchisee to take steps reasonably necessary to preserve Franchisor's reputation, goodwill and proprietary rights. Franchisee acknowledges that it is one (1) of a number of licensed franchisees using Franchisor's Marks and that failure on its part to comply fully with any of the terms of this Agreement respecting the foregoing obligations will cause irreparable damage to Franchisor or other licensed franchisees of Franchisor. Therefore, Franchisor shall have the immediate right to seek a preliminary order or injunction enforcing the foregoing obligations during the pendency of all arbitration, mediation or other proceedings, without the necessity of posting a bond. This covenant shall be independent, severable and enforceable notwithstanding any other rights or remedies which Franchise may have.

(d) **Discovery Limits**. The parties agree to limit discovery as follows: **(i)** for disputes involving monetary claims less than Fifty Thousand Dollars ($50,000), no discovery is allowed other than the voluntary exchange of exhibits prior to the arbitration hearing; **(ii)** for disputes involving monetary claims equal to or greater than Fifty Thousand Dollars ($50,000), but less than Two Hundred Fifty Thousand Dollars ($250,000), the parties may take one single representative deposition of the other side and serve a document request of up twenty-five (25) documents; and **(iii)** for disputes involving monetary claims equal to or greater than Two Hundred Fifty Thousand Dollars ($250,000), the parties may take up to five (5) depositions of the other side and serve a document request of an unlimited number of documents.

17.04 **Venue and Choice of Law**. Franchisee acknowledges that this Agreement is entered into in Michigan, and that any proceeding commenced, or brought by either party, including judicial proceedings, or mediation and arbitration proceedings provided for herein, must be brought in Flint, Michigan, or the court situated and having jurisdiction in Flint, Michigan. The parties hereby waive all questions of personal jurisdiction or venue for the purposes of carrying out this provision. Franchisee further agrees that the state or federal courts situated and having jurisdiction in Flint, Michigan are the exclusive venues where Franchisee may bring litigation (subject to the arbitration clause). The parties further agree that, in the event of such litigation, they will not contest or challenge the jurisdiction or venue of the Michigan courts. The exclusive choice of jurisdiction and venue does not preclude or restrict the ability of the parties to confirm or enforce arbitration awards in any appropriate jurisdiction. The parties acknowledge that this venue provision has been fully disclosed and agreed to by Franchisee. Except to the extent governed by the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. Sections 1051 *et seq.*) or other federal law, this Agreement and the franchise shall be governed by the laws of the state of Michigan without reference to its choice or conflicts of law principles.

17.05 **No Punitive or Exemplary Damages**. FRANCHISEE AND FRANCHISOR EACH WAIVE, TO THE FULLEST EXTENT PERMITTED BY LAW, ANY RIGHT OR CLAIM FOR ANY PUNITIVE OR EXEMPLARY DAMAGES AGAINST THE OTHER, AND AGREE THAT IF THERE IS A DISPUTE WITH THE OTHER, EACH WILL BE LIMITED TO THE RECOVERY OF ACTUAL DAMAGES SUSTAINED BY IT, INCLUDING REASONABLE LEGAL FEES AND COSTS AS MAY BE OTHERWISE PROVIDED FOR IN THIS AGREEMENT. FOR PURPOSES OF THE FOREGOING, THE PARTIES AGREE THAT ANY CLAIM FOR PAST, CURRENT OR FUTURE LOST ROIYALITIES ASSERTED BY FRANCHISOR SHALL BE A CLAIM FOR ACTUAL AND DIRECT DAMAGES, AND SHALL NOT CONSTITUTE PUNITIVE OR EXEMPLARY DAMAGES FOR PRURPOSES OF THIS AGREEMENT.

17.06 **<u>Waiver of Jury Trial; No Class Actions</u>**. Franchisee and Franchisor each irrevocably waive any right either of them may otherwise have to trial by jury in any action or proceeding, whether at law or equity, brought by either of them. Additionally, Franchisee hereby irrevocably waives and releases any right it may otherwise have to bring, or participate in, any class or group action, claim or arbitration against Franchisor, or to seek the approval of any class for the purpose of seeking to pursue or enforce alleged claims against Franchisor. All claims of Franchisee shall therefore be brought on an individual basis only.

FRANCHISEE EXPRESSLY ACKNOWLEDGES THAT FRANCHISEE HAS READ THE TERMS OF THIS DISPUTE RESOLUTION PROVISION, AND SPECIFICALLY AFFIRMS THAT THIS PROVISION IS ENTERED INTO WILLINGLY AND VOLUNTARILY AND WITHOUT ANY FRAUD, DURESS OR UNDUE INFLUENCE ON THE PART OF FRANCHISOR OR ANY OF FRANCHISOR'S AGENTS OR EMPLOYEES.

18. <u>RELATIONSHIP OF THE PARTIES</u>

18.01 **<u>Independent Contractor</u>**. Franchisee is an independent contractor and is not an agent, partner, joint venturer, or beneficiary of Franchisor, nor is Franchisor a fiduciary of Franchisee. Neither party will be bound or obligated by the other, except as set forth in this Agreement. Franchisee may not act as an agent in Franchisor's name or on behalf of Franchisor for any purpose whatsoever.

18.02 **<u>Operations and Identification</u>**. Franchisee must conspicuously identify itself in all dealings with the public as "independently owned and operated" and separate from Franchisor. Franchisee's employees are employees of Franchisee alone and are not, for any purpose, considered employees or co-employees under the control of Franchisor. Franchisor and Franchisee must file separate tax, regulatory, and payroll reports for each party's own operations, and must indemnify the other for any liability arising from the other's reports.

18.03 **<u>Responsibility for Employees</u>**. Franchisee has sole responsibility for complying with all employment laws and for all employment decisions and functions related to the franchised Business, including hiring, firing, compensation, benefits, work hours, work rules, recordkeeping, supervision and discipline of employees.

18.04 **<u>No Employer Relationship</u>**. Franchisee expressly acknowledges that Franchisor is not Franchisee's employer or an employer of any of Franchisee's employees. In addition, Franchisor is not a joint employer with Franchisee. Franchisee acknowledges that Franchisor's training, guidance, advice and assistance, Franchisee's obligations under this Agreement and the standards and specifications required by Franchisor hereunder are imposed not for the purpose of exercising control over Franchisee, but rather for the limited purpose of protecting the Marks and System. Franchisee is solely responsible for the management of the franchised Business as an independent franchise owner/operator.

19. <u>MISCELLANEOUS</u>

19.01 **<u>Entire Agreement</u>**. This Agreement, together with all written related agreements, exhibits and attachments, constitutes the entire understanding of the parties and supersedes all prior negotiations, commitments, and representations; *provided, however*, nothing in this Agreement or in any related agreement is intended to disclaim Franchisor's representations made in the Franchise Disclosure Document.

19.02 **<u>Modification</u>**. No modifications of the terms of this Agreement shall be valid unless made in writing and executed by both Franchisor and Franchisee. However, the Manual may be periodically modified by Franchisor and shall be fully enforceable against Franchisee.

19.03 **<u>Waiver</u>**. Franchisor's waiver or delay in enforcement of any particular right will not affect or impair Franchisor's rights as to any subsequent exercise of that right of the same or a different kind; nor will any delay, forbearance or omission by Franchisor to execute any rights affect or impair Franchisor's rights as to any future exercise of those rights.

19.04 **<u>Severability</u>**. If any part of this Agreement, for any reason, is declared invalid by an arbitrator or court, the declaration will not affect the validity of any remaining portion. The remaining portion will remain in force and effect as if this Agreement were executed with the invalid portion eliminated or curtailed. All partially valid and enforceable provisions shall be enforced to the extent that they are valid and enforceable.

19.05 **<u>Conflict with Governing Law</u>**. If any provision of this Agreement is inconsistent with a valid applicable law, the provision will be deemed amended to conform to the minimum standards required. The parties may execute an Addendum setting forth certain of these amendments applicable in certain jurisdictions, which will apply only so long as and to the extent that then-applicable laws referred to in the addendum remain validly in effect.

19.06 **<u>Section Headings</u>**. Titles of articles and sections are used for convenience of reference only and are not part of the text, nor are they to be construed as limiting or affecting the construction of the provisions.

19.07 **<u>Legal Costs</u>**. If either party institutes a legal proceeding, including court proceeding and arbitration, and prevails entirely or in part in any action at law or in equity against the other party based entirely or in part on the terms of this Agreement, the prevailing party shall be entitled to recover from the losing party, in addition to any judgment, reasonable attorneys' fees, court costs, witnesses' fees, and all of the prevailing party's expenses in connection with any action at law. The term "prevailing party" means that the party obtained substantially the relief sought, whether by compromise, settlement or judgment, or that the party successfully defended the action brought by the other party.

19.08 **<u>Obligations</u>**. Franchisor has no liability for Franchisee's obligations to any third-party whatsoever.

19.09 **<u>Continuation of Agreement</u>**. The provisions of this Agreement, which by their terms or by reasonable implication require performance by Franchisee after Transfer, assignment, expiration or termination, remain enforceable notwithstanding the Transfer, assignment, expiration or termination of this Agreement, including those pertaining to non-competition, intellectual property protection, confidentiality and indemnity. This Agreement inures to the benefit of and is binding on the respective heirs, legal representatives, successors, and permitted assigns of the parties.

19.10 **Delivery**. All notices and other communications required by this Agreement must be in writing and must be delivered in person, sent by Federal Express or U.S. Mail overnight delivery, or by registered or certified mail, return receipt requested, or in any other manner Franchisor may designate. Communications sent to Franchisor must be sent to the attention of the President at Franchisor's address set forth in this Agreement or at any other address Franchisor designates in writing. Communications to Franchisee will be sent to Franchisee at Franchisee's last known business address, or at any other address Franchisee designates in writing. Any notice is considered given and received, when delivered in person, or on the third business day following the mailing, if mailed.

19.11 **Joint and Several Liability**. If two or more persons or Entities or any combination thereof sign this Agreement as Franchisee, each will have joint and several liability. All owners and controllers of an Entity or association which comprise Franchisee are jointly and severally liable for the obligations of Franchisee under this Agreement.

19.12 **Cumulative Remedies**. Rights and remedies under this Agreement are cumulative. No enforcement of a right or remedy precludes the enforcement of any other right or remedy.

19.13 **Set Off**. Franchisee may not set off any amounts owed to Franchisor under this Agreement nor may Franchisee withhold any amounts owed to Franchisor due to any alleged non-performance by Franchisor under this Agreement. Franchisee waives any right to set off.

19.14 **Completion of Agreement**. The parties agree to acknowledge, execute and deliver all further documents, instruments or assurances and to perform all further acts or deeds as may be reasonably required to carry out this Agreement.

19.15 **Franchisor's Judgment**. Whenever this Agreement or any related agreement grants, confers or reserves to Franchisor the right to take action, refrain from taking action, grant or withhold Franchisor's consent or grant or withhold Franchisor's approval, unless the provision specifically states otherwise, Franchisor will have the right to engage in such activity at Franchisor's option taking into consideration Franchisor's assessment of the long-term interests of the System overall. Franchisee and Franchisor recognize, and any court or judge or arbitrator is affirmatively advised, that if those activities and/or decisions are supported by Franchisor's business judgment, neither such court, judge, arbitrator, nor any other person reviewing those activities or decisions will substitute his, her or its judgment for Franchisor's judgment. When the terms of this Agreement specifically require that Franchisor not unreasonably withhold Franchisor's approval or consent, if Franchisee is in default or breach under this Agreement, any withholding of Franchisor's approval or consent will be considered reasonable.

19.16 **Beneficiaries**. The parties intend to confer no benefit or right on any person or entity not a party to this Agreement and no third-parties shall have any right or claims, benefit, or right as a third-party beneficiary under this Agreement or any provision hereof. Similarly, Franchisee is not entitled to claim any rights or benefits including those of a third-party beneficiary, under any contract, understanding or agreement between Franchisor and any other person or entities, unless that contract, understanding or agreement specifically refers to Franchisee by name or to a class which Franchisee belongs and specifically grants rights or benefits to Franchisee or to the concerned class.

20. ACKNOWLEDGMENT

BY SIGNING THIS AGREEMENT, FRANCHISEE ACKNOWLEDGES THAT: (A) FRANCHISEE IS NOT A PARTY TO OR SUBJECT TO AGREEMENTS THAT MIGHT CONFLICT WITH THE TERMS OF THIS AGREEMENT AND AGREES NOT TO ENTER INTO ANY CONFLICTING AGREEMENTS DURING THE TERM OR ANY RENEWAL TERMS AND (B) FRANCHISEE HAS RECEIVED THE FRANCHISE DISCLOSURE DOCUMENT REQUIRED BY THE FEDERAL TRADE COMMISSION WITH APPLICABLE EXHIBITS AT LEAST FOURTEEN (14) CALENDAR DAYS BEFORE THE DATE ON WHICH THIS AGREEMENT WAS EXECUTED, AND HAS RECEIVED A COPY OF THE COMPLETE FRANCHISE AGREEMENT AT LEAST SEVEN (7) CALENDAR DAYS BEFORE THE DATE ON WHICH THIS AGREEMENT WAS EXECUTED.

No statement, questionnaire, or acknowledgment signed or agreed to by Franchisee in connection with the commencement of this 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 Franchisor or other person acting on behalf of Franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

21. GUARANTY

Franchisee and Franchisee's spouse, or if Franchisee is an Entity, each owner of Franchisee, and each spouse of each owner, must execute the Guaranty of Franchise Agreement attached to this Agreement as Exhibit "D." Each guarantor must personally and unconditionally guarantee the obligations of Franchisee under this Agreement as if each guarantor were an original party to this Agreement in his or her individual capacity.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties have duly executed this Agreement to be effective as of the Effective Date set forth in the preamble above.

Signed in the presence of:	REPLAY HOLDINIGS, LLC.
______________________________	By ______________________________
	Name: ______________________________
	Title: ______________________________
______________________________	Date: ______________________________
Signed in the presence of:	FRANCHISEE: ______________________
______________________________	By: ______________________________
	Name: ______________________________
	Title: ______________________________
______________________________	Date: ______________________________

[Signature Page to Franchise Agreement]

REPLAY HOLDINGS, LLC

FRANCHISE AGREEMENT

Exhibit "A"

AUTHORIZATION AGREEMENT
FOR PREAUTHORIZED PAYMENT SERVICE

I (or We if there are joint owners of the account referenced later in this agreement) authorize and request Replay Holdings, LLC Inc. (the "Company") to obtain payment for all royalty amounts I (we) owe to the Company pursuant to the Franchise Agreement between the Company and me (us), as these amounts become due by initiating a payment entry to my (our) account. The account number, name of financial institution, payment amount, and date on or immediately after which payment should be deducted from the account are identified below. In addition, I (we) authorize and request the financial institution (the "Bank") to accept the payment entries presented to the Bank and to deduct them from my (our) account without responsibility for the correctness of these payments.

Franchisee Information:

Franchisee Name: ________________________ Franchisee Outlet No.: ___________________

Payment Date: 10th day of each Month Payment Frequency: Monthly

Your Bank Account Information:

Please attach a voided check and we will complete this information for you. Transit Routing Number: _________________ Checking Account Number: _______________

Bank Name: ________________________ Bank Address: ______________________________

Your Name(s): ____
(please print)

Signature(s): ____

Date Signed: ____________________

STATE OF ____________________

COUNTY OF __________________

Subscribed and sworn to before me this ______ day of ____________________, 20___. Witness my official hand and seal.

____
Notary Public

REPLAY HOLDINGS, LLC

FRANCHISE AGREEMENT

Exhibit "B"

COLLATERAL ASSIGNMENT OF TELEPHONE NUMBERS, ADDRESSES, AND LISTINGS

THIS ASSIGNMENT is entered into this ____ day of ______________, 20____ (the "Effective Date"), in accordance with the terms of that certain Replay Holdings, LLC Franchise Agreement (the "Franchise Agreement") entered by and between ______________________ ("Franchisee") and Replay Holdings, LLC ("Franchisor"), executed concurrently with this Assignment, under which Franchisor granted Franchisee the right to own and operate a Disc Replay or Mega Replay Franchised Outlet located in the state of ___________________________ (the "Franchise Business").

FOR VALUE RECEIVED, Franchisee hereby assigns to Franchisor those certain telephone numbers, addresses, domain names, locators, directories and listings (collectively, the "Numbers, Addresses, and Listings") associated with Franchisor's trade and service marks and used from time to time in connection with the operation of the Franchise Business. This Assignment is for collateral purposes only and, except as specified herein, Franchisor shall have no liability or obligation of any kind whatsoever arising from or in connection with this Assignment, unless Franchisor shall notify the telephone, Internet, email, electronic network, directory, and listing entities with which Franchisee has dealt (all such entities are collectively referred to herein as "Provider Companies") to effectuate the assignment pursuant to the terms hereof.

Upon termination or expiration of the Franchise Agreement (without renewal or extension), Franchisor shall have the right and is hereby empowered to effectuate the Assignment of the Numbers, Addresses, and Listings and, in such event, Franchisee shall have no further right, title or interest in the Numbers, Addresses, and Listings, and shall remain liable to the Provider Companies for all past due fees owing to the Provider Companies on or before the effective date of the assignment hereunder.

Franchisee agrees and acknowledges that as between Franchisor and Franchisee, upon termination or expiration of the Franchise Agreement, Franchisor shall have the sole right to and interest in the Numbers, Addresses, and Listings, and Franchisee appoints Franchisor as Franchisee's true and lawful attorney-in-fact to direct the Provider Companies to assign same to Franchisor, and execute such documents and take such actions as may be necessary to effectuate the assignment. Upon such event, Franchisee shall immediately notify the Provider Companies to assign the Numbers, Addresses, and Listings to Franchisor. If Franchisee fails to promptly direct the Provider Companies to assign the Numbers, Addresses and Listings to Franchisor, Franchisor shall direct the Provider Companies to effectuate the assignment contemplated hereunder to Franchisor. The parties agree that the Provider Companies may accept Franchisor's written direction, the Franchise Agreement or this Assignment as conclusive proof of Franchisor's exclusive rights in and to the Numbers, Addresses, and Listings upon such termination or expiration and that such assignment shall be made automatically and effective immediately upon Provider Companies' receipt of such notice from Franchisor or Franchisee. The parties further agree that if the Provider Companies require that the parties execute the Provider Companies' assignment forms or other documentation at the time of termination or expiration of the Franchise Agreement, Franchisor's execution of such forms or documentation on behalf of Franchisee shall effectuate Franchisee's consent and agreement to the assignment. The parties agree that at any time after the date hereof they will perform such acts and execute and deliver such documents as may be necessary to assist in or accomplish the assignment described herein upon termination or expiration of the Franchise Agreement.

ASSIGNEE/FRANCHISOR	**ASSIGNOR/FRANCHISEE**
Replay Holdings, LLC	**Franchisee**
________________________________	________________________________
By: ______________________________	By: ______________________________
______________________________ [Print name]	______________________________ [Print name]
Its: ______________________________	Its: ______________________________

REPLAY HOLDINGS, LLC

FRANCHISE AGREEMENT

Exhibit "C"

LEASE ASSIGNMENT AGREEMENT

THIS LEASE ASSIGNMENT AGREEMENT (the "Agreement") is made on _______________ (the "Effective Date") by and among: **(i) Replay Holdings, LLC** (the "Franchisor"), **(ii)** ____ (the "Franchisee"), and ________________________________ ("Lessor"), concerning the Disc Replay or Mega Replay Outlet located at _________________________ (the "Approved Location").

For purposes hereof, reference is made to: **(a)** that certain [Lease Agreement] dated _______ and entered into by and between Franchisee and Lessor pursuant to which Franchisee leases the Approved Location from Lessor (the "Lease") and (b) that certain Franchise Agreement dated _______ entered into by and between Franchisor and Franchisee pursuant to which Franchisee is authorized to operate a franchised Disc Replay or Mega Replay outlet from the Approved Location (the "Franchise Agreement").

1. Assignment

Franchisee assigns to Franchisor all of Franchisee's right, title and interest in and to the Lease for the Approved Location. However, the assignment will become effective only upon Franchisor's exercise of the option granted to Franchisor under Section 3 of this Agreement. Franchisor will have the right, in its sole discretion, to exercise the option if either of the two events specified in Sections 1.1 or 1.2 below occurs.

1.1. Default Under Lease

If Franchisee defaults in the performance of any material term of the Lease, Lessor must notify Franchisor of the default. Franchisor will then have thirty (30) calendar days from its receipt of the notice to exercise its option. If Franchisor does not exercise the option and Franchisee does not cure the default within any applicable cure period, Lessor may terminate the Lease at the expiration of thirty (30) calendar days from Franchisor's receipt of the notice of default or immediately upon written notice that Franchisor does not intend to exercise its option.

1.2. Default under Franchise Agreement

Franchisor may exercise its option within thirty (30) calendars days from the termination of the Franchise Agreement by reason of any default by Lessee under the Franchise Agreement or upon non-renewal of the Franchise Agreement.

2. Consent to Assignment

This Agreement will remain in effect during the entire Term of the Lease and any and all renewals or extensions of the Lease. Lessor agrees that the Lease may not be amended, assigned, extended, renewed or surrendered, nor may the Approved Location, or any part of it, be sublet, nor may the Lease, or any interest in it be assigned or encumbered by Franchisee without the prior written consent of Franchisor.

3. Exercise of Option by Franchisor

Franchisor may exercise the option granted in this Agreement by giving written notice to Franchisee and Lessor. Franchisee must vacate the Approved Location immediately upon receiving the notice. Franchisor will have the right, at the same time as or after Franchisor's exercise of the option granted in this Agreement, to assign its rights under this Agreement to a new tenant selected by Franchisor to operate the Disc Replay or Mega Replay outlet from the Approved Location, subject to Lessor's prior written approval of the transferee which may not be withheld if the transferee meets Lessor's then-current standards for new lessees.

4. Attorney Fees and Costs

If legal action is necessary to enforce the terms and conditions of this Agreement, the prevailing party will be entitled to recover reasonable compensation for preparation, investigation and court costs and reasonable attorney fees, as fixed by a court of competent jurisdiction.

IN WITNESS TO THE PROVISIONS OF THIS AGREEMENT, the people named in it have signed it on the date stated in its opening paragraph.

LESSOR
[___________________]

____
Print Name:______________
Title: _________________

FRANCHISEE
[__________________]

____
Print Name:_________________
Title: ______________________

FRANCHISOR

Replay Holdings, LLC

____
Print Name: ___________________
Title: __________________________

REPLAY HOLDINGS, LLC

FRANCHISE AGREEMENT

Exhibit "D"

GUARANTY OF FRANCHISE AGREEMENT

In order to induce Replay Holdings, LLC, its successors and assigns (jointly and severally hereinafter referred to as the "Franchisor") to enter into that certain Franchise Agreement dated the ___ day of ____________, 20____, with _______________ (with its successors and permitted assigns, the "Franchisee"), the undersigned and each of them, for themselves, their heirs, executors, administrators and other legal representatives (jointly and severally hereinafter sometimes referred to as "Guarantors"), warrant to Franchisor that:

1. Guarantors have had opportunity to consult legal counsel of their own choosing as to their responsibilities and liabilities under this Guaranty.

2. Guarantors are personally familiar with Franchisee and of their own knowledge know that said Franchisee (including any individual who signed for said Franchisee) duly and voluntarily executed the Franchise Agreement for the uses and purposes expressed in said Franchise Agreement.

3. Therefore, being fully satisfied with all terms, conditions, covenants and provisions of said Franchise Agreement and other good and valuable consideration:

(a) Guarantors hereby irrevocably agree to indemnify and hold Franchisor harmless from and against all claims, demands and causes of action, however, whenever, and wherever arising, including all damages, costs and attorneys' fees as and when incurred by Franchisor under any trial or appeal, of any claim or defense asserted by Franchisee, or by anyone claiming by or through Franchisee which in any way arises out of or through the terms of the Franchise Agreement or the terms of this Guaranty or asserting Franchisee's signing of any one or more of the same was other than a proper and voluntary act or was for uses or purposes not expressed in such Agreements, *provided, however*, that this Guaranty shall not be construed as enlarging or diminishing Franchisee's right to assert any contention which is based on Franchisor's breach of the Franchise Agreement or of any modifications, amendments, supplements or extensions to it.

(b) Guarantors hereby, jointly, severally and irrevocably guarantee to Franchisor, its successors and assigns, the due and timely payment and performance by Franchisee of all Franchisee's undertakings and obligations arising under or out of the Franchise Agreement, including all modifications, amendments, supplements or extensions. For clarity, this Guaranty constitutes both a guaranty of payment and performance under the Franchise Agreement.

(c) Any provisions of the Franchise Agreement on governing law, the jurisdiction of courts, or the remedies of the parties also shall apply jointly and severally to Guarantors along with the parties to the Franchise Agreement and are to be made a part of this Guaranty as if such provisions were set out herein.

(d) At its discretion, Franchisor may proceed against one or more Guarantors without notice or demand (other than a notice or demand expressly required under the Franchise Agreement to Franchisee) and without first proceeding against Franchisee. This Guaranty shall survive the expiration or termination of the Franchise Agreement and shall survive any modification, amendments, supplements or extensions to the Franchise Agreement.

Executed this ____ day of ____________, 20____

GUARANTORS

____
Print Name: ___________________________

____
Print Name: ___________________________

____
Print Name: ___________________________

REPLAY HOLDINGS, LLC

FRANCHISE AGREEMENT

Exhibit "E"

LIST OF FRANCHISEE'S EQUITY OWNERS, OFFERS AND DIRECTORS

Franchisee has disclosed to Franchisor the identities of the person(s), partnership(s), joint venture(s), corporation(s), limited liability companies or other business entities that own and control Franchisee. Franchisee warrants and acknowledges that such disclosure has been a material consideration in Franchisor's agreement to enter into the Franchise Agreement, and that the information set forth in this Exhibit is true, accurate, and complete.

Name	Type of Ownership (Legal or Beneficial)(If Beneficial, Provide Name of Trustee)	Percentage of Interest Owned

If Franchisee is an Entity, list all officers and Directors and their respective mailing addresses.

Name	Address	Director/Officer Title

REPLAY HOLDINGS, LLC

FRANCHISE AGREEMENT

Exhibit "F"

LOCATION OF THE OUTLET

The parties agree that Franchisee's Disc Replay or Mega Replay Outlet to be operated by Franchisee pursuant to the Franchise Agreement shall be located at the following approved location:

____

____

Franchisee acknowledges and agrees that Franchisor's approval of the premises for the Outlet and any information communicated to Franchisee regarding the premises for the Outlet do not constitute a representation or warranty of any kind, expressed or implied, as to the suitability of the premises for a Disc Replay or Mega Replay Outlet, of the economic terms of the lease or sublease, or for any other purpose. Franchisor's approval indicates only that Franchisor believes that the site meets Franchisor's current criteria. Applying criteria that have appeared effective with other sites and premises might not accurately reflect the potential for all sites and premises. Demographic and/or other factors, including competition from other businesses, whether included in or excluded from Franchisor's criteria, could change, altering the potential of a site and premises. The uncertainty and instability of such factors are beyond Franchisor's control and Franchisee agrees that Franchisor will not be responsible for the failure of a site and premises approved by Franchisor to meet expectations as to potential revenue or operational criteria. Franchisee further acknowledges and agrees that Franchisee's acceptance of a franchise for the operation of the Outlet at the above premises is based on Franchisee's own independent investigation of the suitability of the premises and business judgment.

FRANCHISOR	**FRANCHISEE**
Replay Holdings, LLC	**Franchisee:** ____________________
By: ____________________________	By: ____________________________
Print Name: _____________________	Print Name: _____________________
Title: ___________________________	Title: ___________________________

REPLAY HOLDINGS, LLC

FRANCHISE AGREEMENT

Exhibit "G"

FRANCHISEE'S PROTECTED TERRITORY

[Attached]

EXHIBIT "D"

COMPLIANCE QUESTIONNAIRE

As you know, Replay Holdings, LLC and you are preparing to enter into a franchise agreement for the operation of a Disc Replay Franchised Business. In this Franchisee Disclosure Questionnaire, Replay Holdings, LLC will be referred to as "we" or "us." Please review each of the following questions carefully and provide honest and complete responses to each question.

1. Do you understand that in all dealings with you, our officers, directors, employees and agents act only in a representative capacity and not in an individual capacity and such dealings are solely between you and us? Yes ____ No _____

2. Were you advised, prior to receiving the Franchise Disclosure Document, of the various ways you could be furnished the Franchise Disclosure Document (hard copy, CD, email, *etc.*)? Yes ____ No _____

3. Did you receive from the Franchisor the name, address and phone number of each Franchise Seller who was involved in the process of selling the franchise to you? Yes ____ No ______

By signing this Compliance Questionnaire, you are representing that you have responded truthfully to the above questions.

____
Printed Name of Franchisee Applicant

____
Signature of Franchisee Applicant

Date: ________________________________

EXHIBIT "E"

LIST OF FRANCHISE OUTLETS
AS OF DECEMBER 31, 2024 ([31])

Franchised Outlets (Disc Replay / Mega Replay Stores)

Illinois (4)

Franchisee Corporation	Franchisee Contact	Store Address	Phone Number
Zake Enterprises LLC	Alyson Weir	4700 N University St, Peoria, IL 61614	309-713-1665
Rockford Replay LLC	Andrew Weir	6085 E State St, Rockford, IL 61108	815-227-0532
Bloomington Replay LLC	Andrew Weir	1407 N Veterans Pkwy Suite 4, Bloomington, IL 61704	309-808-2391
Smartgamer Enterprises Champaign, LLC	Alan Jackson	2012 N Prospect Ave. Champaign, IL 61822	217-607-0890

Indiana (13)

Franchisee Corporation	Franchisee Contact	Store Address	Phone Number
AR Jackson Enterprises of Indiana, LLC	Alan Jackson	5916 Grape Rd. Mishawaka, IN 46545	574-273-5800
Replay of Highland, LLC	Nick Leja	10327 Indianapolis Blvd, Highland, IN 46322	219-924-8910
Replay of Merrillville, LLC	Nick Leja	1858 E 80th Ave, Merrillville, IN 46410	219-736-5205
Mega Replay of Fort Wayne, Inc	Nathan Abner	5511 Coldwater Rd, Fort Wayne, IN 46825	260-480-0200
Replay Ventures, Inc	Nathan Abner	683 N Green River Rd Evansville, IN 47715	812-471-2900
Replay Ventures, Inc	Nathan Abner	4664 S US 41 Terre Haute, IN 47802	812-235-3699
Replay of Central Indiana, Inc	Nathan Abner	8210 W Rockville Rd Indianapolis, IN 46214	317-209-9663
Replay of Central Indiana, Inc	Nathan Abner	9739 E Washington St Indianapolis, IN 46229	317-895-8915
Replay of Central Indiana, Inc	Nathan Abner	1832 E Markland Ave Suite 500 Kokomo, IN 46901	765-450-5993
Replay of Central Indiana, Inc	Nathan Abner	4315 Commerce Dr Suite 400 Lafayette, IN 47905	765-447-3000
Replay of Central	Nathan Abner	5888 E. 82nd St Indianapolis,	317-578-1240

Indiana, Inc		IN 46250	
Replay of Central Indiana, Inc	Nathan Abner	7317 US 31 S Indianapolis, IN 46227	317-865-1830
C&M Replay, Inc.	Nathan Abner	3015 N National Rd Columbus, IN 47201	812-372-4000

Iowa (1)

Franchisee Corporation	**Franchisee Contact**	**Store Address**	**Phone Number**
Willrose LLC	Andrew Weir	320 W Kimberly Rd, Northpark Mall, Davenport, IA 52806	563-265-2885

Kentucky (1)

Franchisee Corporation	**Franchisee Contact**	**Store Address**	**Phone Number**
Mega Replay of Kentucky, Inc	Nathan Abner	4720 Frederica St Owensboro, KY 42301	270-240-4020

Michigan (11)

Franchisee Corporation	**Franchisee Contact**	**Store Address**	**Phone Number**
Playtime Partners, Inc	Nick Leja	3192 Linden Rd, Flint, MI 48507	810-732-5899
Replay it Again, Inc	Nick Leja	11508 Middlebelt Rd, Livonia, MI 48150	734-743-5383
Replay of Roseville, Inc	Nick Leja	29006 Gratiot Ave, Roseville, MI 48066	586-774-5555
Replay of Troy, Inc	Nick Leja	340 John R Rd, Troy, MI 48083	248-951-2670
Replay of Saginaw, Inc	Nick Leja	2806 Tittabawassee Rd, Saginaw, MI 48604	989-327-1161
Replay of Lansing, LLC	Nick Leja	5835 W Saginaw Hwy, Lansing, MI 48917	517-993-5250
Replay of Jackson, LLC	Nick Leja	1201 N Wisner St, Jackson, MI 49202	517-795-2262
Replay of Battle Creek, LLC	Nick Leja	10327 Indianapolis Blvd, Highland, IN 46322	219-924-8910
Replay of Kentwood, LLC	Nick Leja	4174 28th St SE, Kentwood, MI 49512	616-974-8500
Replay of Grandville, LLC	Nick Leja	4597 Canal Ave SW, Grandville, MI 49418	616-531-8900
Replay of Taylor, Inc	Nick Leja	14528 Racho Blvd, Taylor, MI	734-287-3333

		48180	

Ohio (1)

Franchisee Corporation	Franchisee Contact	Store Address	Phone Number
Mega Replay of Ohio, Inc.	Nathan Abner	912 N Cable Rd Lima, OH 45805	567-712-7711

EXHIBIT "F"

FORMER FRANCHISEES AND AFFILIATE-OWNED OUTLETS

Stores Transferred (7)

In 2024, the following locations, previously owned by franchisees **Nathan Abner** and **John Chesny**, were sold to existing franchisees **Nick Leja**, **Chad Capista**, and **Jesse Hayes**. All parties involved remain active franchisees.

The transferred locations are listed below:

Store Location	New Owners
Lansing, MI	Nick Leja, Chad Capista, Jesse Hayes
Battle Creek, MI	Nick Leja, Chad Capista, Jesse Hayes
Jackson, MI	Nick Leja, Chad Capista, Jesse Hayes
Kentwood, MI	Nick Leja, Chad Capista, Jesse Hayes
Grandville, MI	Nick Leja, Chad Capista, Jesse Hayes
Highland, IL	Nick Leja & Chad Capista
Merrillville, IL	Nick Leja & Chad Capista

Stores Closed (0)

EXHIBIT “G”

OPERATIONS/TRAINING MANUAL TABLE OF CONTENTS

[Attached]

- Sales
  - Sales Transactions
  - Return Transactions
- Buys
  - Check-In
  - Sorting
  - Entering
  - Presenting the Quote
  - Testing
  - Cashing Out
  - Abandoned Items
- Inventory Management
  - Initial Pricing
    - General Overview of Price Tags & Pricing
    - Disc-based Media
    - Cartridge Games
    - Electronics
    - Consoles
    - Controllers / Accessories
  - Product Preparation
    - Lifecyle of a Disc
    - Building Cleaning Stacks
    - Breaking Down Cleaning Stacks
    - Needs Cover
    - Transferring
    - Putting out the Put Out Cart
    - Bagging Controllers
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  - Overstock Management
    - Stale Inventory Markdowns
  - Inventory Counts
    - "Full" Inventory Counts
    - Drawer Audits
    - Finalize "Full" Inventory
    - Inventory of Categories with Suppressed DRUPCs
    - Weekly Inventory Checks
    - Electronic Transfer Audits
    - Category Corrections
- Merchandising
  - Merchandising Guidelines
- D.R.O.P.

EXHIBIT "H"

MULTI-STATE ADDENDA FOR CERTAIN REGISTRATION STATES

ADDITIONAL DISCLOSURES FOR THE FRANCHISE DISCLOSURE DOCUMENT OF REPLAY HOLDINGS, LLC

The following are additional disclosures for the Franchise Disclosure Document of Replay Holdings, LLC required by various state franchise laws. Each provision of these additional disclosures will only apply to franchisee if the applicable state franchise registration and disclosure law applies to you.

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.

[Attached]

The remainder of this page is left blank intentionally

MULTI-STATE ADDENDUM

CALIFORNIA APPENDIX TO THE FRANCHISE DISCLOSURE DOCUMENT, FRANCHISE AGREEMENT AND MULTI-UNIT DEVELOPER AGREEMENT

1. California Business and Professions Code Sections 20000 through 20043 provide rights to you concerning termination, transfer or non-renewal of a franchise. If the Franchise Agreement or Multi-Unit Developer Agreement contain provisions that are inconsistent with the law, the law will control.

2. The Franchise Agreement and Multi-Unit Developer Agreement provide for termination upon bankruptcy. This provision may not be enforceable under Federal Bankruptcy Law (11 U.S.C.A. Sec. 101 *et seq.*).

3. 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.

4. Section 31125 of the California Corporation Code requires the franchisor to provide you with a disclosure document before asking you to agree to a material modification of an existing franchise.

5. Neither the franchisor, any person or franchise broker 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. 79a *et seq*., suspending or expelling such persons from membership in such association or exchange.

6. The Franchise Agreement and Multi-Unit Developer Agreement require binding arbitration. The arbitration will occur in the then-current County and State where our corporate headquarters is located with the costs being borne by both parties. Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of a franchise agreement restricting venue to a forum outside the State of California.

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

8. Both the Governing Law and Choice of Law for Franchisees operating outlets located in California, will be the California Franchise Investment law and the California Franchise Relations Act regardless of the choice of law or dispute resolution venue stated elsewhere. Any language in the franchise agreement or amendment to or any agreement to the contrary is superseded by this condition.

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

10. 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.

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

12. OUR WEBSITES HAVE NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION. ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION at www.dfpi.ca.gov.

13. The Antitrust Law Section of the Office of the California Attorney General views maximum price agreements as per se violations of the Cartwright Act. Any restrictions on pricing may not be enforceable under California law.

14. Each principal owner entering into the franchise agreement attached to this franchise disclosure document must guarantee all obligations of the franchisee under the franchise agreement, thereby placing his/her personal assets at risk.

15. No disclaimer, questionnaire, clause, or statement signed by a franchisee in connection with the commencement of the franchise relationship shall be construed or interpreted as waiving any claim of fraud in the inducement, whether common law or statutory, or as disclaiming reliance on or the right to rely upon any statement made or information provided by any franchisor, broker or other person acting on behalf of the franchisor that was a material inducement to a franchisee's investment. This provision supersedes any other or inconsistent term of any document executed in connection with the franchise.

16. Registration of this franchise does not constitute approval, recommendation, or endorsement by the Commissioner of the Department of Financial Protection and Innovation.

IN WITNESS WHEREOF, the parties hereto have duly executed, sealed and delivered this Addendum dated this _____ day of ____, 20___.

[Signature Page Follows]

REPLAY HOLDINGS, LLC
By:____________________________________
Print Name: ______________________________

FRANCHISEE:

By: ___________________________________
Print Name: ____________________________

ADDENDUM REQUIRED BY THE STATE OF ILLINOIS TO THE FRANCHISE DISCLOSURE DOCUMENT AND FRANCHISE AGREEMENT

1. The following item must be included within the Disclosure Document and Franchise Agreement and shall replace contrary language that is in the Disclosure Document and/or the Franchise Agreement, to the extent applicable:

> Section 4, Jurisdiction and Venue, of the Illinois Franchise Disclosure Act of 1987 ("Act") states that "any provision in the franchise agreement which designates jurisdiction or venue in a forum outside of this State is void with respect to any cause of action which otherwise is enforceable in this State, provided that a franchise agreement may provide for arbitration in a forum outside of this State." This Section of the Act replaces any contradictory language contained in the Disclosure Documents and the Franchise Agreement, to the extent applicable.

2. Illinois law governs the Franchise Agreement, to the extent applicable. The appropriate sections of the Franchise Agreement are amended accordingly, to the extent applicable.

3. Any releases and/or waivers that we request you to sign must conform with Section 41, Waivers Void, of the Illinois Franchise Disclosure Act of 1987 which states that "any condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of this Act or any other law of this State is void, to the extent applicable. This Section shall not prevent any person from entering into a settlement agreement or executing a general release regarding potential or actual lawsuit filed under any of the provisions of this Act, nor shall it prevent the arbitration of any claim pursuant to the provisions of Title 9 of the United States Code." The appropriate sections of the Franchise Agreement are amended accordingly, to the extent applicable.

4. Under Illinois law at 200.608, Jurisdiction and Venue, a franchise agreement may not provide for a choice of law of any state other than Illinois. The Disclosure Documents and the Franchise Agreement are amended to conform to the requirements of the Illinois law, to the extent applicable. The appropriate sections of the Disclosure Documents and the Franchise Agreement are amended accordingly, to the extent applicable.

5. The appropriate sections of Disclosure Documents and the Franchise Agreement are amended by changing the time frame to cure defaults, excluding defaults for safety or security issues, to 30 days, to the extent applicable.

6. Franchisees' rights upon Termination and Non-Renewal are set forth in Sections 19 and 20 of the Illinois Franchise Disclosure Act. The appropriate sections of the Franchise Agreement are amended accordingly, to the extent applicable.

7. The Initial Franchise fee shall be deferred until franchisor has satisfied all of the pre-opening obligations to franchisee, and franchisee has commenced doing business, pursuant to Section 200.508 of the rules.

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

IN WITNESS WHEREOF, the parties hereto have duly executed, sealed and delivered this Addendum dated this _______day of ______________, 20___.

REPLAY HOLDINGS, LLC

By:_____________________________________
Print Name: _____________________________

FRANCHISEE:

By: __________________________________
Print Name: ___________________________

ADDENDUM TO THE FRANCHISE AGREEMENT FOR THE STATE OF INDIANA

This Addendum is to a Franchise Agreement dated _________________, 20__ between Replay Holdings, LLC and ____________________________(Franchisee) to amend said Agreement as follows:

> The Indiana Franchises Law, Title 23, Chapter 2.5, Sections 1 through 51 of the Indiana Code, supersedes any provisions of the Franchise Agreement if such provisions are in conflict with that law.

IN WITNESS WHEREOF, the parties hereto have duly executed, sealed and delivered this Addendum dated this _______ day of ______________, 20___.

REPLAY HOLDINGS, LLC

By:_______________________________________
Print Name: ______________________________

FRANCHISEE:

By: _____________________________________
Print Name: ____________________________

ADDENDUM REQUIRED BY THE STATE OF MARYLAND

This will serve as the State Addendum for the State of Maryland for Replay Holdings, LLC's Franchise Disclosure Document and for its Franchise Agreements. The amendments to the Franchise Agreement includes in this addendum as has been agreed to by the parties. The documents are amended as follows.

1. The Disclosure Document is amended to state that the general release required as a condition of renewal, sale and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

2. The Disclosure Document is amended to state that a franchisee may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

3. The Disclosure Document is amended to state that any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within three years after the grant of the franchise.

4. The Disclosure Document is amended to state that the provisions in the Franchise Agreement which provide for termination upon bankruptcy of the franchisee/multi-unit developer may not be enforceable under federal bankruptcy law (11 U.S.C. Section 101 et seq.).

5. The appropriate sections of the Franchise Agreement are amended to permit a franchisee to bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

6. The appropriate sections of the Franchise Agreement are amended to state that any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within three years after the grant of the franchise.

7. The appropriate sections of the Franchise Agreement are amended to state that the general release required as a condition of renewal, sale and/or assignment/ transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

8. The Franchise Agreement and Franchisee Disclosure Acknowledgment Statement are amended to include the following statement: "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."

9. 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.

Any Prospective Franchisee Statement or Franchisee Questionnaire contained in the Franchise Agreement is hereby deleted and will not be applicable for use in the State of Maryland by Maryland owners/residents or franchises located in Maryland.

IN WITNESS WHEREOF, the parties hereto have duly executed, sealed and delivered this Addendum dated this_______ day of ______________ , 20___.

REPLAY HOLDINGS, LLC

By:_____________________________________
Print Name: _____________________________

FRANCHISEE:

By: __________________________________
Print Name: ___________________________

ADDENDUM REQUIRED BY THE STATE OF MINNESOTA

This addendum to the Disclosure Document is agreed to this _______day of ____ , 20__, and effectively amends and revises said Disclosure Document and the Franchise Agreement as follows:

1. The Disclosure Document and the appropriate sections of the Franchise Agreement are amended, to the extent applicable, by the addition of the following language to the original language that appears therein:

> "In accordance with applicable requirements of Minnesota law, Franchisor shall protect Franchisee's right to use the trademarks, service marks, trade names, logotypes or other commercial symbols and/or shall indemnify Franchise from any loss, costs or expenses arising out of any claim, suit or demand regarding such use."

2. The Disclosure Document, and the appropriate sections of the Franchise Agreement are amended, to the extent applicable, by the addition of the following language to the original language that appears therein:

> "With respect to franchises governed by Minnesota law, the franchisor will comply with Minnesota Statutes Sec. 80C.14, Subds.3, 4 and 5, which require (except in certain specified cases) that a franchisee be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for non-renewal of the franchise agreement and that consent to the transfer of the franchise will not be unreasonably withheld."

3. The Disclosure Document, and the appropriate sections of the Franchise Agreement relating to Governing Law, Jurisdiction and Venue, and Choice of Forum are amended to conform to the requirements of Minnesota law, to the extent applicable, as follows:

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

4. The Disclosure Document and the appropriate sections of the Franchise Agreement are amended to conform to the requirements of Minnesota law, to the extent applicable, as follows:

> "Minn. Rule 2860.4400D prohibits us from requiring you to assent to a general release."

5. Any reference to liquidated damages in the Franchise Agreement is hereby deleted in accordance with Minn. Rule 2860.4400J, to the extent applicable, which prohibits requiring you to consent to liquidated damages.

6. Any reference to waiver of a jury trial in the Franchise Agreement is hereby deleted in accordance with Minn. Rule 2860.4400J, to the extent applicable.

7. Any offending sections of the Franchise Agreement regarding Limitations of Claims are hereby amended to comply with Minn. Stat. §80C.17, Subd. 5, to the extent applicable.

8. Insufficient Fund Fees: NSF fees are governed by Minnesota Statute 604.113; which puts a cap of $30 on an NSF check. This applies to everyone in Minnesota who accepts checks except banks.

9. Under Minn. Rule 2860.440J, the franchisee cannot consent to the franchisor obtaining injunctive relief. The franchisor may seek injunctive relief. A court will determine if a bond is required. The appropriate sections of the Franchise Agreement are hereby amended accordingly, to the extent applicable.

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

IN WITNESS WHEREOF, the parties hereto have duly executed, sealed and delivered this Addendum dated this ______day of ______________, 20___.

REPLAY HOLDINGS, LLC

By: ______________________________________
Print Name: _______________________________

FRANCHISEE:

By: ____________________________________
Print Name: _____________________________

ADDENDUM PURSUANT TO
THE NEW YORK FRANCHISE LAW

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

IN WITNESS WHEREOF, the parties hereto have duly executed, sealed and delivered this Addendum dated this_______ day of ______________ , 20___.

REPLAY HOLDINGS, LLC

By:_____________________________________
Print Name: _____________________________

FRANCHISEE:

By: __________________________________
Print Name: ___________________________

ADDENDUM REQUIRED BY THE COMMONWEALTH OF VIRGINIA

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

1. Additional Disclosure: The following statements are added to Item 17.h:

   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 and development agreement do not constitute "reasonable cause," as that the term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, the provision may not be enforceable.

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

2. 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.

IN WITNESS WHEREOF, the parties hereto have duly executed, sealed and delivered this Addendum dated this_______ day of ______________ , 20___.

REPLAY HOLDINGS, LLC

By:_____________________________________
Print Name: _____________________________

FRANCHISEE:

By: __________________________________
Print Name: ___________________________

WASHINGTON ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT, FRANCHISE AGREEMENT AND RELATED AGREEMENTS

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

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

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

4. RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from: (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in the Franchise Agreement, any multi-unit developer agreement or elsewhere are void and unenforceable in Washington.

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

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

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

8. The Franchise Agreement (General Release) is hereby amended to state the following: "This Release does not apply with respect to claims arising under the Washington Franchise Investment Protection Act, RCW 19.100, and the rules adopted thereunder."

9. 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.

IN WITNESS WHEREOF, the parties hereto have duly executed, sealed and delivered this Addendum dated this _____day of ______, 20___.

REPLAY HOLDINGS, LLC

By: ___________________________________
Print Name: _____________________________

FRANCHISEE:

By: _________________________________
Print Name: ___________________________

EXHIBIT "I"

STATE EFFECTIVE DATES

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

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

State	Effective Date
California	Not registered
Hawaii	Not registered
Illinois	Not registered
Indiana	Pending
Maryland	Not registered
Michigan	Pending
Minnesota	Not registered
New York	Not registered
North Dakota	Not registered
Rhode Island	Not registered
South Dakota	Not registered
Virginia	Not registered
Washington	Not registered
Wisconsin	Not registered

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.

RECEIPT

(RETURN THIS COPY TO US)

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

If Replay Holdings, LLC offers you a franchise, it must provide this Francise Disclosure Document to you fourteen (14) calendar days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale. New York and Iowa require that we give you this Franchise Disclosure Document at the earlier of the first personal meeting or ten (10) business days (fourteen (14) calendar days for Iowa) before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship. Michigan requires that we give you this Franchise Disclosure Document at least ten (10) business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

If Replay Holdings, LLC does not deliver this Franchise Disclosure Document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, DC 20580 and the appropriate state agency listed on Exhibit "A."

The franchisor is Replay Holdings, LLC, located at 4225 Miller Rd. Box #226, Flint, Michigan 48507. Its telephone number is (248) 514-6777. Its email address is franchising@discreplay.com.

Issuance date: November 1, 2025 (Effective dates of this Franchise Disclosure Document in states requiring registration can be found on the State Effective Date page).

The names, principal business address and telephone numbers of the franchise sellers for this offering are (check and/or fill in all that apply):

❑ Nick Laja, 4225 Miller Rd. Box #226, Flint, Michigan 48507. Its telephone number is (248) 514-6777
❑ Nathan Abner, 4225 Miller Rd. Box #226, Flint, Michigan 48507. Its telephone number is (248) 514-6777
❑ Jesse Hayes, 4225 Miller Rd. Box #226, Flint, Michigan 48507. Its telephone number is (248) 514-6777
❑ ______________________________

Replay Holdings, LLC authorizes the agents listed in Exhibit "A" to receive service of process for it.

I have received a disclosure document dated November 1, 2025, that included the following Exhibits:

The remainder of this page is left blank intentionally.

"A" – List of State Regulators and Agents for Service of Process	**"F" – Former Franchisees and Affiliate-Owned Outlets**
"B" – Financial Statements	**"G" – Operations/Training Manual Table of Contents**
"C" – Francise Agreement	**"H" – Multi-State Addenda for Certain Registration States**
"D" – Compliance Questionnaire	**"I" – State Effective Dates**
"E" – List of Franchised and Affiliate-Owned Outlets as of 12/31/24	

Date: ____________________ (Do not leave blank)

____
Signature of Prospective Franchisee

Print Name: __________________________

Please execute and return this document immediately upon receipt via the method prescribed by the Franchisor.

You may return the signed receipt by signing, dating and mailing it to Replay Holdings, LLC, 4225 Miller Rd, Box #226, Flint, Michigan 48507l

RECEIPT

(KEEP THIS COPY FOR YOUR RECORDS)

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Date: ____________________
(Do not leave blank)

____
Signature of Prospective Franchisee

Print Name: ____________________________